

MANDENI MUNICIPALITY (KZN 291) ANNUAL BUDGET



2013/14 TO 2015/16 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

| | | | |
|--------|--|-------|---|
| AMR | Automated Meter Reading | ℓ | litre |
| ASGISA | Accelerated and Shared Growth Initiative | LED | Local Economic Development |
| BPC | Budget Planning Committee | MEC | Member of the Executive Committee |
| CBD | Central Business District | MFMA | Municipal Financial Management Act Programme |
| CFO | Chief Financial Officer | MIG | Municipal Infrastructure Grant |
| CM | Municipality Manager | MMC | Member of Mayoral Committee |
| CPI | Consumer Price Index | MPRA | Municipal Properties Rates Act |
| CRRF | Capital Replacement Reserve Fund | MSA | Municipal Systems Act |
| DBSA | Development Bank of South Africa | MTEF | Medium-term Expenditure Framework |
| DoRA | Division of Revenue Act | MTREF | Medium-term Revenue and Expenditure Framework |
| DWA | Department of Water Affairs | NERSA | National City Regulator South Africa |
| EE | Employment Equity | NGO | Non-Governmental organisations |
| EEDSM | Energy Efficiency Demand Side Management | NKPIs | National Key Performance Indicators |
| EM | Executive Mayor | OHS | Occupational Health and Safety |
| FBS | Free basic services | OP | Operational Plan |
| GAMAP | Generally Accepted Municipal Accounting Practice | PBO | Public Benefit Organisations |
| GDP | Gross domestic product | PHC | Provincial Health Care |
| GDS | Gauteng Growth and Development Strategy | PMS | Performance Management System |
| GFS | Government Financial Statistics | PPE | Property Plant and Equipment |
| GRAP | General Recognised Accounting Practice | PPP | Public Private Partnership |
| HR | Human Resources | PTIS | Public Transport Infrastructure System |
| HSRC | Human Science Research Council | RG | Restructuring Grant |
| IDP | Integrated Development Strategy | RSC | Regional Services Council |
| IT | Information Technology | SALGA | South African Local Government Association |
| kℓ | kilolitre | SAPS | South African Police Service |
| km | kilometre | SDBIP | Service Delivery Budget Implementation Plan |
| KPA | Key Performance Area | SMME | Small Micro and Medium Enterprises |
| KPI | Key Performance Indicator | | |
| kWh | kilowatt | | |

Part 1 – Annual Budget

1.1 Mayor's Report

MAYOR'S SPEECH ON THE OCCASION OF THE ADOPTION OF THE DRAFT REVISED INTEGRATED DEVELOPMENT PLAN (IDP) AND BUDGET 2013/14 AT SIBUSISIWE HALL, MANDENI ON 30 MAY 2013

Honourable Speaker, Deputy Mayor, Members of the Executive Committee Members, Members of Council, Head of Administration and Municipal Officials, Guests and Members of the public, it is a great pleasure that I present to the Community of Mandeni Local Municipality the final IDP Review (2013/14) which will be a strategic tool towards leading our Vision ("To be a reliable, people centered and sustainable economic hub by 2030") as Mandeni Municipality.

This Integrated Development Plan is in alignment with the National Key Performance Areas and further aligned to National Government 12 Outcomes as well as Key Performance Indicators through which the citizens of Mandeni Local Municipality will hold the Council accountable and responsible. In ensuring that this IDP is effectively implemented, the municipality in the process has reviewed all policies and the organizational structure to enhance the institutional capacity.

In the process the municipality witnessed improvement in community and stakeholders participation as required in terms of Chapter 4 of the Municipal Systems Act, 32 of 2000, as amended. I can confirm that from the beginning of the process, a minimum of 4 Stakeholders Representative Forum meetings were held where different stakeholders ranging from Government Sector Departments, Government Parastatals, Traditional Councils, Ward Committees, Business Fraternities and Non-government Organisations. The municipality further engaged communities on two occasions during the drafting process of the IDP and Budget where inputs were considered and incorporated within this Final Draft IDP I am presenting today. The municipality has also considered comments from the office of the Honuorable MEC for Provincial Department of Cooperative Governance and Traditional Affairs on the preliminary assessment of our Draft IDP. This approach has shaped the IDP to be a responsive document to the realities on the ground thus it has been formally accepted as a credible Plan by Representative Stakeholders in a Stakeholders Representative meeting held on the 28th of May 2013 .

Honourable Speaker, the Final Draft IDP I am presenting before Council and Members of the Public amongst others considers the following Key Priorities:

- ☐ Infrastructure and Basic Delivery: Both Urban and Rural roads upgrade and rehabilitation, storm-water upgrades and management, refuse removal and solid waste management; Rural and Urban Housing Delivery and Electricity in the form of street lighting and Pre-paid system within licensed distribution area as well as water and Sanitation to be rolled-out by our District Municipality (iLembe).

- ☐ Social and Community Development: Re-opening of the Mandeni Local Testing Centre; Establishment of Regional Cemetery; Provision of sports facilities; Safety and Security;

Disaster Management and relief; Educational Facilities in the form of new libraries and upgrade equipments; Awareness Campaigns and trainings on social ills; Promotion of Arts and Culture; Special Programmes targeting Women and Children, People with Disabilities and Youth Programmes.

- Local Economic Development: Promotion of Tourism within Mandeni through revival of iNgwenya Nature Reserve and establishment of Tourism Information Centre; Support and Promotion of Small Businesses within Mandeni; Manufacturing and Investment Attraction for job creation within Mandeni.
- Financial Management and Viability: Revenue and Debt Management and Transparent and compliant Supply Chain Management processes.
- Good Governance and Public Participation: Working towards achieving Operation Clean Audit through appropriate management and accountability on Public Funds and putting in place and ensure functioning of all governance structures.

I am humbled and privileged to deliver the budget 2013/2014. This Budget signifies the second year of the third generation of the IDP for Mandeni. Indeed this budget is focused on maintaining and enhancing basic service delivery to all areas in Mandeni.

The latest statistics as per Census 2011, as contained in the IDP, shows us that we have grown in terms of the population by 8.44 from 2001. We are relieved that the formula for calculating equitable share has been revised to take this fact into consideration. Surely this budget must reflect this to the poorest communities in the form of indigent support, sustaining rapid economic growth which will in turn create more jobs and opportunities for our residents.

The base had to be formed first. The municipality reviewed all its policies for this budget to work, including that of Supply chain management. Compliances with all budget regulations were adhered to. We are pleased by the level of engagement by the communities to inform the final budget.

Be moving for the adoption of the budget let me do some of the budget highlights.

The municipality's revenue strategy is built around the following assumptions:

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management which aims at 85% percent annual collection;
- Municipality's tariff increase as per NERSA's determination;
- The municipality's Property rates policy and
- The tariffs policy of the municipality.

The expenditure required to address the poverty challenges will inevitably exceed available funding; hence difficult choices have to be made in relation to tariff increase and balancing expenditure against realistically anticipated revenues.

We have reduced the tariff by 18 per cent on property rates. Electricity tariff is set at the maximum of 7 per cent, while maintaining 6 per cent on other services.

The total operating budget is R134.9 million. The capital budget is R63.3 million. This is totaling to R198.2 million. It is an increase of 6 per cent from last year's original budget. The job evaluation process will set the employee related cost to R43 million, 32 per cent of the operating budget. 58 per cent of the operating budget is dedicated to sustenance and maintenance of the municipality's assets and service delivery.

R31million of the capital budget is internally funded. The remainder includes R36 million in grants. We are proposing to spend these funds on the projects as identified in the IDP.

Mr Speaker, this budget is also informed by the concerns of the community that were raised through public participation period. We have considered the views from Provincial treasury as they play their monitoring role. A 25 per cent rebate to Tukela Mouth residents is the result of those engagements.

I would like to thank the municipal manager and his team for the hard work that has gone into preparing the many schedules and reports that are legally required. I encourage Councilors and their communities to take ownership of this budget and IDP. Finally I would like to thank Mandeni community for their ongoing support.

With these words Honourable Speaker I proposed before Council for the adoption of the Budget and IDP for 2013/2014 as per the budget resolutions attached on the budget document page 40 of the agenda and that the budget is published as per MFMA requirements.

HIS WORSHIP: THE MAYOR
CLLR S.B. ZULU

1.2 Council Resolutions

On 30 May 2013 the Council of Mandeni Municipality met in the ISIBUSISIWE HALL of Mandeni Municipality to consider the annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 21;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 23;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 25; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 28;
 - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 30;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 30;
 - 1.2.4. Asset management as contained in Table 20 on page 32; and
 - 1.2.5. Basic service delivery measurement as contained in Table 21 on page 35.
2. The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure A
 - 2.3. the tariffs for solid waste services – as set out in Annexure A
3. The Council of Mandeni Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexure A respectively.
4. To give proper effect to the municipality's annual budget, the Council of Mandeni Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
5. That the staff structure as budgeted for be approved;

6. Council resolves that the other amended budget related policies reflected in are approved for the budget year 2013/14;
7. Council resolves to adopt the amended Integrated Development Plan and the draft SDBIP reflected in **(Annexure B and C)**.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58 ,59 ,66 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained electricity, roads and municipal infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- The continued difficulty in collecting all that is due to the municipality by consumers; and
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2013/14 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The commitments made with Auditor General in achieving the clean audit initiatives;
- The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;
- The consideration on the job evaluation result as the process was undertaken;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk

- electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

KZN291 Mandeni - Table A1 Budget Summary

| Description | Current Year 2012/13 | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|----------------------|-----------------|---|------------------------|------------------------|
| | Original Budget | Adjusted Budget | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousands | | | | | |
| Total Revenue (excluding capital transfers and contributions) | 131 700 | 134 700 | 128 716 | 146 731 | 178 580 |
| Total Expenditure | 131 700 | 134 090 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) | 0 | 610 | (6 265) | (8 183) | (7 472) |
| <u>Capital expenditure & funds sources</u> | | | | | |
| Capital expenditure | 54 988 | 67 900 | 63 288 | 67 775 | 73 396 |
| TOTAL BUDGET | 186 688 | 201 990 | 198 269 | 222 689 | 259 448 |

Total operating revenue has reduced by 4.44 per cent or R5.9 Million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 13.55 and 21 per cent respectively, equating to a total revenue growth of R50.5 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R135.1 million and translates into a budgeted deficit of R6, 265 Million. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by .41 per cent in the 2013/14 budget and by 14.75 and 20 per cent for each of the respective outer years of the MTREF. The operating deficit is noticeable in the outer years. The municipality will need to reprioritize the expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R63.3 million for 2013/14 is 6.7 per cent less when compared to the 2012/13 Adjustment Budget. The capital programme increases to R67.7 million in the 2014/16 financial year and then evens out in 2015/16 to R73.3 million. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds.

1.4 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is

that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN291 Mandeni - Table A1 Budget Summary

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Financial Performance | | | | | | | | | | |
| Property rates | 22 210 | 20 844 | 21 219 | 27 046 | 27 046 | 27 046 | 27 046 | 25 764 | 27 026 | 28 431 |
| Service charges | 12 902 | 13 355 | 15 984 | 18 472 | 18 472 | 18 472 | 18 472 | 18 606 | 19 518 | 20 533 |
| Investment revenue | 861 | 2 002 | 2 283 | 1 800 | 1 800 | 1 800 | 1 800 | 2 000 | 2 098 | 2 207 |
| Transfers recognised - operational | 87 684 | 102 339 | 97 874 | 68 846 | 71 846 | 71 846 | 71 846 | 80 781 | 97 234 | 126 509 |
| Other own revenue | 5 753 | 8 250 | 19 338 | 15 537 | 15 537 | 15 537 | 15 537 | 1 566 | 856 | 900 |
| Total Revenue (excluding capital transfers and contributions) | 129 410 | 146 790 | 156 697 | 131 700 | 134 700 | 134 700 | 134 700 | 128 716 | 146 731 | 178 580 |

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 21 914 | 20 451 | 20 866 | 26 596 | 26 596 | 26 596 | 26 596 | 25 314 | 26 554 | 27 935 |
| Property rates - penalties & collection ch | 296 | 393 | 353 | 450 | 450 | 450 | 450 | 450 | 472 | 497 |
| Service charges - electricity revenue | 8 225 | 8 979 | 10 720 | 12 598 | 12 598 | 12 598 | 12 598 | 12 556 | 13 171 | 13 856 |
| Service charges - refuse revenue | 4 676 | 4 376 | 5 264 | 5 874 | 5 874 | 5 874 | 5 874 | 6 050 | 6 347 | 6 677 |
| Rental of facilities and equipment | 186 | 187 | 204 | 190 | 190 | 190 | 190 | 190 | 199 | 210 |
| Interest earned - external investments | 861 | 2 002 | 2 283 | 1 800 | 1 800 | 1 800 | 1 800 | 2 000 | 2 098 | 2 207 |
| Fines | 365 | 452 | 91 | 55 | 55 | 55 | 55 | 55 | 58 | 61 |
| Licences and permits | 1 805 | 1 191 | 3 | 250 | 250 | 250 | 250 | 250 | 262 | 276 |
| Transfers recognised - operational | 87 684 | 102 339 | 97 874 | 68 846 | 71 846 | 71 846 | 71 846 | 80 781 | 97 234 | 126 509 |
| Other revenue | 3 313 | 6 421 | 19 040 | 15 042 | 15 042 | 15 042 | 15 042 | 1 071 | 336 | 354 |
| Total Revenue (excluding capital) | 129 410 | 146 790 | 156 697 | 131 700 | 134 700 | 134 700 | 134 700 | 128 716 | 146 731 | 178 580 |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totaled R45.5 million or 33 per cent. This increases to R44 million, R46.5 million and R48.9million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 87). The fact that rates revenue decreased this budget year is to compensate the community on rates impact due to the implementation of the valuation roll in 2012/13.

Operating grants and transfers totals R80.7 million in the 2013/14 financial year and steadily increases to R126.5 million by 2015/16. Note that the year-on-year growth for the 2013/14 financial year is 17.3 per cent and then increase to 20.4 and 30.1 per cent in the two outer years. Due to the change in equitable share formula rural municipalities benefited with much more increase expected over the short term forecast. This is also influenced by the census 2011 done by Statistics SA in October 2011. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts

| Description R thousand | Current Year 2012/13 | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|----------------------|-----------------|---|------------------------|------------------------|
| | Original Budget | Adjusted Budget | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| RECEIPTS: | | | | | |
| Operating Transfers and Grants | | | | | |
| National Government: | 67,309 | 67,309 | 77,830 | 94,350 | 123,491 |
| Local Government Equitable Share | 65,009 | 65,009 | 74,290 | 90,567 | 119,471 |
| Finance Management | 1,500 | 1,500 | 1,650 | 1,800 | 1,950 |
| Municipal Systems Improvement | 800 | 800 | 890 | 934 | 967 |
| EPWP Incentive | – | – | 1,000 | 1,049 | 1,104 |
| Provincial Government: | 1,537 | 4,537 | 2,951 | 2,884 | 3,018 |
| Community Participation IDP (Prov.) | – | – | 200 | – | – |
| Joint Project Funding (Prov .) | – | – | 1,149 | 1,207 | 1,262 |
| Provincialization of Libraries | 490 | 490 | 1,362 | 1,425 | 1,491 |
| Recapitalisation- Community Library | 101 | 101 | 240 | 252 | 265 |
| Other Grants | 946 | 3,946 | – | – | – |
| Total Operating Transfers and Grants | 68,846 | 71,846 | 80,781 | 97,234 | 126,509 |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are moderate this year at 7 per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of city and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional affairs. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property .
- In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

The municipality received a number of objections resulting from the new valuation roll implementation in 2012. In consideration of the real problem the tariff for 2013 is proposed to be decreased to compensate the property values increase.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a new valuation roll implementation from 1 July 2012 is contained below:

As a result there will be an 18 percent decrease in the rates tariff for 2013/14.

Table 5 Comparison of proposed rates to levied for the 2013/14 financial year

| LandUsageCode | Tariff 2013/14 | Tariff 2012/13 |
|-------------------------------|----------------|----------------|
| Residential | 0.0099 | 0.0121 |
| Industrial | 0.0146 | 0.0178 |
| Commercial | 0.0158 | 0.0193 |
| Farms Agriculture Purpose | 0.0025 | 0.0030 |
| Farms Commercial Purpose | 0.0158 | 0.0193 |
| Farms Other than (i) and (ii) | 0.0148 | 0.0181 |
| State Owned Properties | 0.0148 | 0.0181 |
| Municipal Properties | 0 | 0 |
| Public Service Infrastructure | 0.0025 | 0.0030 |
| Public Benefit Organisation | 0 | 0 |
| Vacant land | 0.0158 | 0.0193 |

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA announced the revised bulk electricity pricing structure in April. 7 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the consumer tariff had to be increased by 7 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

It should further be noted that the municipality has adhered to NERSA's advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Inclining Block Tariff

The following is the basis of the price increases that has been used in developing the rates for the IBTs:

- Block 1 - The 2012/13 benchmarks were increased by the CPI inflation of 5.5%.
- Block 2 - The 2012/13 benchmarks were increased by the CPI of 5.5% plus 1% this results in a total increase of 6.5%.
- Block 3 & 4 - The 2012/13 benchmarks were increased by the municipal tariff guideline increase of 7%.
- The 2012/13 commercial and industrial benchmarks were increased by the municipal tariff guideline of 7%.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

| kWh | NERSA's benchmark | Current tariff | Proposed | Customers |
|-----------|-------------------|----------------|----------|-----------|
| 0 - 50 | 61 - 66 | 61 | 64.22 | 27 |
| 51 - 350 | 77 - 82 | 76 | 80.65 | 229 |
| 351 - 600 | 104 - 109 | 81 | 86.25 | 475 |
| >600 | 124 - 129 | 109 | 116.43 | 137 |

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R1.7 million per year for five years will be necessary to steer the Municipality out of this predicament.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. A funding model needs to be developed to mitigate this burden.

1.4.3 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributor to this deficit is the high cost of outsourced contract. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2013/14. Higher increases will not be viable in 2013/14 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 13.05 per cent.

Table 7 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills

| Description | Current Year 2012/13 | 2013/14 Medium Term Revenue & Expenditure Framework | | | |
|---|-------------------------|--|------------------------|---------------------------|---------------------------|
| | Original Budget | Budget Year 2013/14 % incr. | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Rand/cent | | | | | |
| Monthly Account for Household - 'Middle Income Range' | | | | | |
| Rates and services charges: | | | | | |
| Property rates | 458.14 | (18.0%) | 577.00 | 611.00 | 647.00 |
| Electricity: Basic levy | 168.57 | 8.0% | 209.03 | 441.05 | 476.00 |
| Electricity: Consumption | 1,455.55 | 8.0% | 1,804.89 | 2,003.43 | 2,163.00 |
| Refuse removal | 108.20 | 6.0% | 114.69 | 121.57 | 129.00 |
| Other | | | | | |
| sub-total | 2,190.46 | 23.5% | 2,705.61 | 3,177.05 | 3,415.00 |
| VAT on Services | | | | | |
| Total large household bill: | 2,190.46 | 23.5% | 2,705.61 | 3,177.05 | 3,415.00 |
| % increase/-decrease | 19.8% | | 23.5% | 17.4% | 7.5% |
| Monthly Account for Household - 'Affordable Range' | | | | | |
| Rates and services charges: | | | | | |
| Property rates | 79.92 | (18.0%) | 412.00 | 436.00 | 462.00 |
| Electricity: Basic levy | 187.55 | 8.0% | 232.56 | 258.14 | 279.00 |
| Electricity: Consumption | 289.30 | 8.0% | 358.73 | 398.19 | 430.00 |
| Refuse removal | 108.21 | 6.0% | 114.71 | 121.59 | 128.00 |
| Other | | | | | |
| sub-total | 664.98 | 68.1% | 1,118.00 | 1,213.92 | 1,299.00 |
| VAT on Services | | | | | |
| Total small household bill: | 664.98 | 68.1% | 1,118.00 | 1,213.92 | 1,299.00 |
| % increase/-decrease | 20.2% | | 68.1% | 8.6% | 7.0% |
| Monthly Account for Household - 'Indigent' Household receiving free basic services | | | | | |
| Rates and services charges: | | | | | |
| Property rates | 302.50 | (18.0%) | 247.50 | 252.50 | 257.75 |
| Refuse removal | 108.21 | 6.0% | 114.71 | 121.59 | 128.00 |
| Other | | | | | |
| sub-total | 410.71 | (11.8%) | 362.21 | 374.09 | 385.75 |
| VAT on Services | | | | | |
| Total small household bill: | 410.71 | (11.8%) | 362.21 | 374.09 | 385.75 |
| % increase/-decrease | - | | (11.8%) | 3.3% | 3.1% |

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 24 332 | 28 103 | 33 145 | 41 398 | 41 398 | 41 398 | 41 398 | 43 142 | 45 471 | 48 109 |
| Remuneration of councillors | 6 214 | 6 211 | 7 523 | 7 969 | 7 969 | 7 969 | 7 969 | 9 021 | 9 509 | 10 060 |
| Debt impairment | 31 796 | 9 689 | 3 081 | 2 842 | 2 842 | 2 842 | 2 842 | 2 842 | 2 981 | 3 136 |
| Depreciation & asset impairment | 3 778 | 17 507 | 15 360 | 4 759 | 4 759 | 4 759 | 4 759 | 2 000 | 2 675 | 2 808 |
| Bulk purchases | 4 367 | 5 868 | 7 269 | 9 300 | 9 300 | 9 300 | 9 300 | 10 084 | 10 578 | 11 128 |
| Other materials | 7 091 | 5 432 | 10 181 | 11 523 | 9 123 | 9 123 | 9 123 | 13 966 | 14 650 | 15 412 |
| Contracted services | 6 623 | 8 978 | 9 432 | 11 014 | 10 514 | 10 514 | 10 514 | 14 290 | 16 041 | 16 689 |
| Other expenditure | 42 871 | 29 322 | 23 340 | 42 894 | 48 184 | 48 184 | 48 184 | 39 637 | 53 009 | 78 710 |
| Total Expenditure | 127 167 | 111 739 | 109 405 | 131 700 | 134 090 | 134 090 | 134 090 | 134 981 | 154 914 | 186 052 |

The budgeted allocation for employee related costs for the 2013/14 financial year totals R43.3 million , which equals 31 per cent of the total operating expenditure. Based on the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.96 per cent for the 2013/14 financial year. An annual increase of 5.4 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been put on hold. As part of the planning assumptions and interventions most vacancies are frozen from the budget and a report was compiled by the Corporate Services Department in relation to the prioritization of critical vacancies within the Municipality. The exercise of the job evaluation has resulted in an inability of the municipality to budget for vacancies in 2013/14. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. This include the provision for medical aid for Councilors.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2013/14 financial year the additional amount equates to R2.8 million to R3.1 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R2million for the 2013/14 financial and equates to 1 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2013/14 the appropriation against this group of expenditure has grown by 10 per cent (R13.9 million) and continues to 9.8 and 8 per cent for the two outer years of which budget allocation is in excess of R15 million by 2015/16.

Contracted services has been identified as a cost saving area for the Municipality. As part of the compilation of the 2013/14 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2013/14 financial year, this group of expenditure totals R14.2 million and has escalated by 9.5 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2013/14 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been reversed in this area indicating that significant cost savings have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.

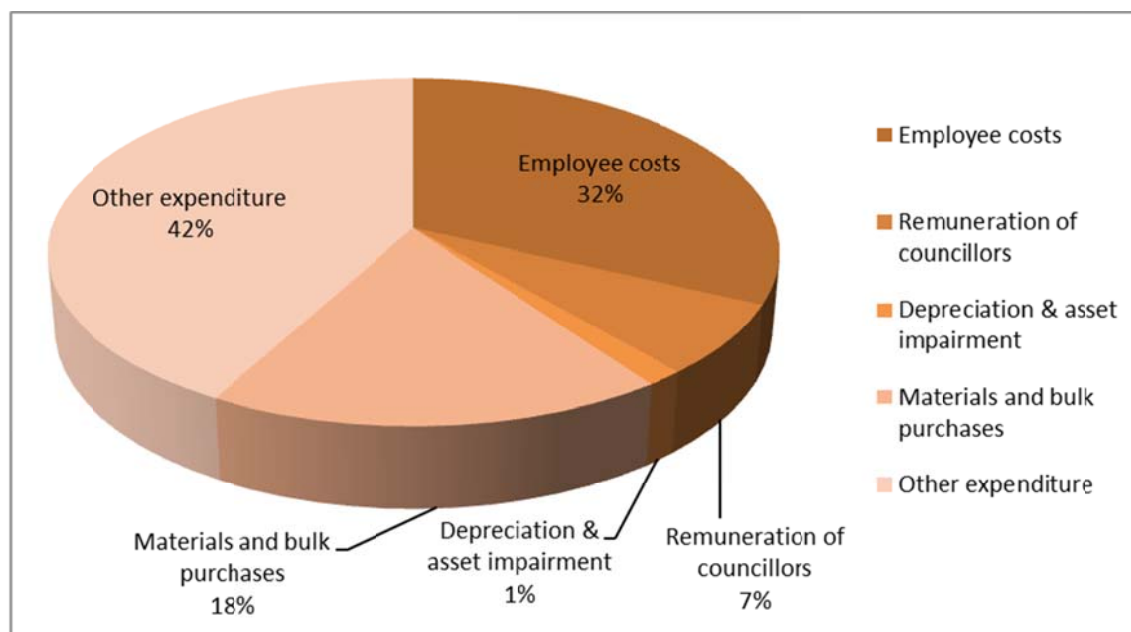


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | |
| Repairs and Maintenance | | | | | | | | | | |
| Employee related costs | 4,045 | 4,778 | 4,932 | 7,038 | 7,038 | 7,038 | 7,038 | 7,366 | 7,764 | 8,214 |
| Other materials | 2,067 | 1,225 | 1,625 | 3,292 | 2,492 | 2,492 | 2,492 | 3,555 | 3,729 | 3,923 |
| Contracted Services | 5,024 | 4,207 | 8,556 | 8,231 | 6,631 | 6,631 | 6,631 | 10,411 | 10,921 | 11,489 |
| Other Expenditure | | | | | | | | | | |
| Total Repairs and Maintenance Expenditure | 11,136 | 10,210 | 15,112 | 18,561 | 16,161 | 16,161 | 16,161 | 21,332 | 22,414 | 23,626 |

During the compilation of the 2013/14 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. To

this end, repairs and maintenance for roads was substantially increased by 31 per cent in the 2013/14 financial year, from R16 million to R21 million. During the 2012 Adjustment Budget this allocation was adjusted slightly higher to R4 million owing to the disasters in the Municipality area. The total allocation for 2013/14 equates to R21.3million a growth of 31 per cent in relation to the Adjustment Budget and continues. In relation to the total operating expenditure, repairs and maintenance comprises of 8.3per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| <u>Infrastructure</u> | 7,620 | 7,820 | 12,420 | 13,738 | 10,338 | 10,338 | 12,466 | 13,114 | 13,843 |
| <u>Community</u> | 742 | 736 | 826 | 1,230 | 2,130 | 2,130 | 3,280 | 3,441 | 3,620 |
| <u>Heritage assets</u> | - | - | - | - | - | - | - | - | - |
| <u>Investment properties</u> | - | - | - | - | - | - | - | - | - |
| <u>Other assets</u> | 2,774 | 1,654 | 1,867 | 3,593 | 3,693 | 3,693 | 5,586 | 5,859 | 6,164 |
| <u>Agricultural assets</u> | - | - | - | - | - | - | - | - | - |
| <u>Biological assets</u> | - | - | - | - | - | - | - | - | - |
| <u>Intangibles</u> | - | - | - | - | - | - | - | - | - |
| Total Repairs and Maintenance Expendit | 11,136 | 10,210 | 15,112 | 18,561 | 16,161 | 16,161 | 21,332 | 22,414 | 23,626 |
| <i>R&M as a % of PPE</i> | <i>6.0%</i> | <i>4.9%</i> | <i>6.8%</i> | <i>7.6%</i> | <i>6.7%</i> | <i>6.7%</i> | <i>7.4%</i> | <i>7.4%</i> | <i>7.3%</i> |
| <i>R&M as % Operating Expenditure</i> | <i>9.0%</i> | <i>9.3%</i> | <i>15.8%</i> | <i>14.1%</i> | <i>12.1%</i> | <i>12.1%</i> | <i>15.8%</i> | <i>14.5%</i> | <i>12.7%</i> |

For the 2013/14 financial year, 57 per cent or R12.4 million of total repairs and maintenance will be spent on infrastructure assets. Community assets has been allocated R3 million of total repairs and maintenance equating to 14 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3000 or more indigent households during the 2013/14 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2013/14 Medium-term capital budget per vote

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Capital expenditure - Vote | | | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | | | |
| Vote 1 - Executive and Council | 30 | 3 | - | - | - | - | - | 129 | - | - |
| Vote 2 - Budget and Terasury | 13 | 5 | 348 | 175 | 175 | 175 | 175 | 120 | - | - |
| Vote 3 - Corporate Services | 6 | 10 | - | 173 | 1 523 | 1 523 | 1 523 | 500 | - | - |
| Vote 4 - Community and Social Services | 223 | 128 | - | 1 230 | 80 | 80 | 80 | 1 000 | 4 800 | 4 150 |
| Vote 5 - Sport and Recreation | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Public Safety | 10 | 3 | - | - | - | - | - | - | - | - |
| Vote 7 - Housing | 24 208 | 9 848 | - | - | - | - | - | - | - | - |
| Vote 8 - Health | - | 25 | - | - | - | - | - | - | - | - |
| Vote 9 - Planning and Development | 19 | 29 873 | 16 080 | 18 921 | 27 462 | 27 462 | 27 462 | 5 612 | 17 170 | - |
| Vote 10 - Environmental Protection | 23 | 0 | - | 580 | 580 | 580 | 580 | 440 | 1 435 | - |
| Vote 11 - Road transport | 18 581 | 11 513 | 38 531 | 31 939 | 36 210 | 36 210 | 36 210 | 52 887 | 39 120 | 69 246 |
| Vote 12 - Waste Management | - | - | - | - | - | - | - | 600 | 1 000 | - |
| Vote 13 - Electricity | - | 943 | - | 1 970 | 1 870 | 1 870 | 1 870 | 2 000 | 4 250 | - |
| Vote 14 - [NAME OF VOTE 14] | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 43 113 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |
| Funded by: | | | | | | | | | | |
| National Government | 15 356 | 24 139 | 33 613 | 37 189 | 47 151 | 47 151 | 47 151 | 29 347 | 32 980 | 35 313 |
| Provincial Government | 24 208 | 11 374 | - | 1 716 | 1 716 | 1 716 | 1 716 | 2 510 | - | - |
| Internally generated funds | 324 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 |
| Total Capital Funding | 39 887 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |

For 2013/14 an amount of R54 Million has been appropriated for the development of infrastructure which represents 86 per cent of the total capital budget. In the outer years this amount totals R64 million and R69 million respectively for each of the financial years. Transport and roads receives the highest allocation of R52.8million in 2013/14 which equates to 76.7 per cent followed by planning and development at 16 per cent, R10.6 million.

Total new assets represent 54 per cent or R34 million of the total capital budget while asset renewal equates to 53 per cent or R37 million. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget

| Municipal Vote/Capital project R thousand | Program/Project description | Asset Sub-Class 3 | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|--------------------------------|----------------------------|---|------------------------|------------------------|
| | | | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | Sundumbili roads Phase 6 | Roads, Pavements & Bridges | 1 662 | | |
| | Inyoni taxi route Phase 1 | Roads, Pavements & Bridges | 233 | | |
| | Inyoni taxi route Phase 2 | Roads, Pavements & Bridges | 2 541 | | |
| | Sundumbili Roads Upgrade Phase | Roads, Pavements & Bridges | 15 179 | 2 183 | 35 313 |
| | Inyoni Taxi route phase 3 | Roads, Pavements & Bridges | 1 617 | 13 984 | |
| | Upgrading of Newark Drive | Roads, Pavements & Bridges | 1 625 | 13 991 | |
| | PMU (5% Top slice) | Roads, Pavements & Bridges | 1 467 | 1 600 | |
| | Sport facilities (p-component) | Roads, Pavements & Bridges | 3 022 | 1 222 | |
| | Hardened Sidewalks | Roads, Pavements & Bridges | 2 000 | | |
| | Small Town programme (Thokoza | Roads, Pavements & Bridges | 2 510 | | |

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

KZN291 Mandeni - Table A1 Budget Summary

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 22 210 | 20 844 | 21 219 | 27 046 | 27 046 | 27 046 | 27 046 | 25 764 | 27 026 | 28 431 |
| Service charges | 12 902 | 13 355 | 15 984 | 18 472 | 18 472 | 18 472 | 18 472 | 18 606 | 19 518 | 20 533 |
| Investment revenue | 861 | 2 002 | 2 283 | 1 800 | 1 800 | 1 800 | 1 800 | 2 000 | 2 098 | 2 207 |
| Transfers recognised - operational | 87 684 | 102 339 | 97 874 | 68 846 | 71 846 | 71 846 | 71 846 | 80 781 | 97 234 | 126 509 |
| Other own revenue | 5 753 | 8 250 | 19 338 | 15 537 | 15 537 | 15 537 | 15 537 | 1 566 | 856 | 900 |
| Total Revenue (excluding capital transfers and contributions) | 129 410 | 146 790 | 156 697 | 131 700 | 134 700 | 134 700 | 134 700 | 128 716 | 146 731 | 178 580 |
| Employee costs | 24 332 | 28 103 | 33 145 | 41 398 | 41 398 | 41 398 | 41 398 | 43 142 | 45 471 | 48 109 |
| Remuneration of councillors | 6 214 | 6 211 | 7 523 | 7 969 | 7 969 | 7 969 | 7 969 | 9 021 | 9 509 | 10 060 |
| Depreciation & asset impairment | 3 778 | 17 507 | 15 360 | 4 759 | 4 759 | 4 759 | 4 759 | 2 000 | 2 675 | 2 808 |
| Finance charges | 78 | 43 | 14 | — | — | — | — | — | — | — |
| Materials and bulk purchases | 11 458 | 11 301 | 17 450 | 20 823 | 18 423 | 18 423 | 18 423 | 24 050 | 25 228 | 26 540 |
| Transfers and grants | — | — | — | — | — | — | — | — | — | — |
| Other expenditure | 81 307 | 48 573 | 35 913 | 56 750 | 61 540 | 61 540 | 61 540 | 56 769 | 72 031 | 98 535 |
| Total Expenditure | 127 167 | 111 739 | 109 405 | 131 700 | 134 090 | 134 090 | 134 090 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) | 2 243 | 35 051 | 47 292 | 0 | 610 | 610 | 610 | (6 265) | (8 183) | (7 472) |
| Transfers recognised - capital | — | — | — | 38 905 | 48 867 | 48 867 | 48 867 | 31 857 | 32 980 | 35 313 |
| Contributions recognised - capital & contributed a | 324 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 |
| Surplus/(Deficit) after capital transfers & contributions | 2 567 | 51 889 | 68 638 | 54 988 | 68 510 | 68 510 | 68 510 | 57 022 | 59 592 | 65 924 |
| Share of surplus/ (deficit) of associate | — | — | — | — | — | — | — | — | — | — |
| Surplus/(Deficit) for the year | 2 567 | 51 889 | 68 638 | 54 988 | 68 510 | 68 510 | 68 510 | 57 022 | 59 592 | 65 924 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 43 113 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 66 377 | 63 288 | 67 775 | 73 396 |
| Transfers recognised - capital | 39 563 | 35 513 | 33 613 | 38 905 | 48 867 | 48 867 | 48 867 | 31 857 | 32 980 | 35 313 |
| Public contributions & donations | — | — | — | — | — | — | — | — | — | — |
| Borrowing | — | — | — | — | — | — | — | — | — | — |
| Internally generated funds | 324 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 |
| Total sources of capital funds | 39 887 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |
| Financial position | | | | | | | | | | |
| Total current assets | 41 486 | 42 784 | 76 724 | 49 500 | 49 500 | 49 500 | 49 500 | 83 500 | 99 000 | 120 000 |
| Total non current assets | 185 925 | 207 909 | 246 891 | 243 080 | 243 080 | 243 080 | 243 080 | 318 549 | 326 836 | 345 075 |
| Total current liabilities | 23 861 | 11 179 | 16 977 | 12 200 | 12 200 | 12 200 | 12 200 | 15 177 | 15 750 | 17 300 |
| Total non current liabilities | 5 273 | 6 119 | 10 220 | 8 000 | 8 000 | 8 000 | 8 000 | 10 000 | 10 000 | 12 000 |
| Community wealth/Equity | 198 276 | 233 396 | 296 418 | 272 380 | 272 380 | 272 380 | 272 380 | 376 872 | 436 803 | 503 112 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 37 504 | 44 158 | 61 027 | 49 264 | 80 461 | 80 461 | 80 461 | 62 044 | 66 249 | 70 374 |
| Net cash from (used) investing | (19 703) | (40 076) | (33 613) | (39 000) | (70 197) | (70 197) | (70 197) | (68 889) | (75 778) | (83 356) |
| Net cash from (used) financing | (210) | (196) | — | — | — | — | — | — | — | — |
| Cash/cash equivalents at the year end | 31 805 | 35 691 | 63 105 | 73 369 | 73 369 | 73 369 | 73 369 | 66 524 | 56 995 | 44 013 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 31 889 | 35 775 | 63 190 | 37 500 | 37 500 | 37 500 | 37 500 | 50 500 | 64 000 | 78 000 |
| Application of cash and investments | 22 610 | 12 934 | 17 909 | 12 434 | 12 434 | 12 434 | 12 434 | (2 312) | (3 937) | (5 984) |
| Balance - surplus (shortfall) | 9 279 | 22 841 | 45 280 | 25 066 | 25 066 | 25 066 | 25 066 | 52 812 | 67 937 | 83 984 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 194 939 | 233 980 | 246 891 | 243 080 | 243 080 | 243 080 | 318 549 | 318 549 | 403 454 | 429 355 |
| Depreciation & asset impairment | 3 778 | 17 507 | 15 360 | 4 759 | 4 759 | 4 759 | 2 000 | 2 000 | 2 675 | 2 808 |
| Renewal of Existing Assets | — | — | 5 296 | 37 059 | 39 830 | 39 830 | 39 830 | 24 190 | 12 400 | 34 383 |
| Repairs and Maintenance | 11 227 | 10 210 | 15 815 | 18 561 | 16 161 | 16 161 | 21 300 | 21 300 | 22 380 | 23 590 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | 610 | 730 | 730 | 974 | 974 | 974 | 1 070 | 1 070 | 1 160 | — |
| Revenue cost of free services provided | 3 510 | 3 730 | 3 730 | 4 374 | 4 374 | 4 374 | 4 570 | 4 570 | 4 710 | — |
| Households below minimum service level | | | | | | | | | | |
| Water: | — | — | — | — | — | — | — | — | — | — |
| Sanitation/sewerage: | — | — | — | — | — | — | — | — | — | — |
| Energy: | 15 | 15 | 15 | 15 | 15 | 15 | 16 | 16 | 16 | — |
| Refuse: | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | — |

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 69 742 | 78 178 | 98 668 | 105 004 | 105 004 | 105 004 | 100 125 | 117 529 | 147 869 |
| Executive and council | | 14 867 | 2 040 | 4 040 | 4 141 | 4 141 | 4 141 | 6 478 | 7 790 | 8 113 |
| Budget and treasury office | | 54 784 | 76 040 | 94 449 | 100 863 | 100 863 | 100 863 | 93 647 | 109 740 | 139 755 |
| Corporate services | | 90 | 98 | 179 | - | - | - | - | - | - |
| <i>Community and public safety</i> | | 27 469 | 12 740 | 4 637 | 1 458 | 1 458 | 1 458 | 2 023 | 2 119 | 2 221 |
| Community and social services | | 85 | 138 | 643 | 806 | 806 | 806 | 1 667 | 1 745 | 1 828 |
| Sport and recreation | | 13 | 12 | 9 | 12 | 12 | 12 | 12 | 13 | 13 |
| Public safety | | 2 155 | 1 639 | 89 | 344 | 344 | 344 | 344 | 361 | 380 |
| Housing | | 24 208 | 9 848 | 2 768 | - | - | - | - | - | - |
| Health | | 1 009 | 1 104 | 1 127 | 296 | 296 | 296 | - | - | - |
| <i>Economic and environmental services</i> | | 18 752 | 40 118 | 34 094 | 300 | 3 300 | 3 300 | 300 | 315 | 331 |
| Planning and development | | 3 396 | 28 609 | 16 560 | 300 | 3 300 | 3 300 | 300 | 315 | 331 |
| Road transport | | 15 356 | 11 509 | 17 534 | - | - | - | - | - | - |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 13 447 | 15 754 | 19 298 | 24 938 | 24 938 | 24 938 | 26 268 | 26 768 | 28 160 |
| Electricity | | 8 771 | 11 378 | 13 034 | 14 972 | 14 972 | 14 972 | 15 880 | 15 872 | 16 697 |
| Water | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 4 676 | 4 376 | 6 264 | 9 966 | 9 966 | 9 966 | 10 387 | 10 896 | 11 463 |
| <i>Other</i> | 4 | - | - | - | - | - | - | - | - | - |
| Total Revenue - Standard | 2 | 129 410 | 146 790 | 156 697 | 131 700 | 134 700 | 134 700 | 128 716 | 146 731 | 178 580 |
| Expenditure - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 61 169 | 58 565 | 57 341 | 46 052 | 47 642 | 47 642 | 54 118 | 70 693 | 99 022 |
| Executive and council | | 13 483 | 12 309 | 17 571 | 18 168 | 18 168 | 18 168 | 23 434 | 24 649 | 26 015 |
| Budget and treasury office | | 41 817 | 39 083 | 32 967 | 19 202 | 19 302 | 19 302 | 18 860 | 33 610 | 59 888 |
| Corporate services | | 5 869 | 7 173 | 6 803 | 8 682 | 10 172 | 10 172 | 11 824 | 12 434 | 13 119 |
| <i>Community and public safety</i> | | 36 334 | 23 299 | 16 258 | 18 723 | 18 723 | 18 723 | 20 570 | 22 669 | 23 709 |
| Community and social services | | 4 648 | 5 091 | 4 549 | 7 202 | 7 302 | 7 302 | 9 449 | 9 932 | 10 470 |
| Sport and recreation | | 653 | 384 | 392 | 636 | 636 | 636 | 584 | 614 | 648 |
| Public safety | | 5 491 | 6 274 | 6 436 | 8 241 | 8 241 | 8 241 | 10 537 | 12 123 | 12 591 |
| Housing | | 24 220 | 9 871 | 2 831 | - | - | - | - | - | - |
| Health | | 1 322 | 1 680 | 2 050 | 2 644 | 2 544 | 2 544 | - | - | - |
| <i>Economic and environmental services</i> | | 17 731 | 12 804 | 18 328 | 42 148 | 43 848 | 43 848 | 35 202 | 36 090 | 37 054 |
| Planning and development | | 6 785 | 6 084 | 7 160 | 22 082 | 25 882 | 25 882 | 19 954 | 20 705 | 22 148 |
| Road transport | | 6 990 | 3 246 | 7 950 | 15 085 | 12 085 | 12 085 | 9 341 | 9 177 | 8 359 |
| Environmental protection | | 3 956 | 3 473 | 3 218 | 4 980 | 5 880 | 5 880 | 5 907 | 6 209 | 6 547 |
| <i>Trading services</i> | | 11 933 | 17 070 | 17 478 | 24 778 | 23 878 | 23 878 | 25 092 | 25 462 | 26 266 |
| Electricity | | 6 628 | 9 273 | 10 235 | 14 812 | 14 412 | 14 412 | 13 173 | 13 823 | 14 547 |
| Water | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 5 305 | 7 797 | 7 243 | 9 966 | 9 466 | 9 466 | 11 919 | 11 640 | 11 719 |
| <i>Other</i> | 4 | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Standard | 3 | 127 167 | 111 739 | 109 405 | 131 700 | 134 090 | 134 090 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) for the year | | 2 243 | 35 051 | 47 292 | 0 | 610 | 610 | (6 265) | (8 183) | (7 472) |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue by Vote | | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | | 14 867 | 2 040 | 4 040 | 4 141 | 4 141 | 4 141 | 6 478 | 7 790 | 8 113 |
| Vote 2 - Budget and Terasury | | | 54 784 | 90 230 | 94 449 | 100 863 | 100 863 | 100 863 | 93 647 | 109 740 | 139 755 |
| Vote 3 - Corporate Services | | | 90 | 98 | 179 | - | - | - | - | - | - |
| Vote 4 - Community and Social Services | | | 85 | 138 | 643 | 806 | 806 | 806 | 1 667 | 1 745 | 1 828 |
| Vote 5 - Sport and Recreation | | | 13 | 12 | 9 | 12 | 12 | 12 | 12 | 13 | 13 |
| Vote 6 - Public Safety | | | 2 155 | 1 639 | 89 | 344 | 344 | 344 | 344 | 361 | 380 |
| Vote 7 - Housing | | | 24 208 | 9 848 | 2 768 | - | - | - | - | - | - |
| Vote 8 - Health | | | 1 009 | 1 104 | 1 127 | 296 | 296 | 296 | - | - | - |
| Vote 9 - Planning and Development | | | 3 396 | 28 609 | 16 560 | 300 | 3 300 | 3 300 | 300 | 315 | 331 |
| Vote 10 - Environmental Protection | | | - | - | - | - | - | - | - | - | - |
| Vote 11 - Road transport | | | 15 356 | 11 509 | 17 534 | - | - | - | - | - | - |
| Vote 12 - Waste Management | | | 4 676 | 4 376 | 6 264 | 9 966 | 9 966 | 9 966 | 10 387 | 10 896 | 11 463 |
| Vote 13 - Electricity | | | 8 771 | 11 378 | 13 034 | 14 972 | 14 972 | 14 972 | 15 880 | 15 872 | 16 697 |
| Vote 14 - [NAME OF VOTE 14] | | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | | 2 | 129 410 | 160 980 | 156 697 | 131 700 | 134 700 | 134 700 | 128 716 | 146 731 | 178 580 |
| Expenditure by Vote to be appropriated | | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | | 13 483 | 12 309 | 17 571 | 18 168 | 18 168 | 18 168 | 23 434 | 24 649 | 26 015 |
| Vote 2 - Budget and Terasury | | | 40 541 | 39 083 | 32 967 | 19 202 | 19 302 | 19 302 | 18 860 | 33 610 | 59 888 |
| Vote 3 - Corporate Services | | | 5 869 | 7 173 | 6 803 | 8 682 | 10 172 | 10 172 | 11 824 | 12 434 | 13 119 |
| Vote 4 - Community and Social Services | | | 4 648 | 5 091 | 4 549 | 7 202 | 7 302 | 7 302 | 9 449 | 9 932 | 10 470 |
| Vote 5 - Sport and Recreation | | | 653 | 384 | 392 | 636 | 636 | 636 | 584 | 614 | 648 |
| Vote 6 - Public Safety | | | 5 491 | 6 274 | 6 436 | 8 241 | 8 241 | 8 241 | 10 537 | 12 123 | 12 591 |
| Vote 7 - Housing | | | 24 220 | 9 871 | 2 831 | - | - | - | - | - | - |
| Vote 8 - Health | | | 1 322 | 1 680 | 2 050 | 2 644 | 2 544 | 2 544 | - | - | - |
| Vote 9 - Planning and Development | | | 6 785 | 6 084 | 7 160 | 22 082 | 25 882 | 25 882 | 19 954 | 20 705 | 22 148 |
| Vote 10 - Environmental Protection | | | 3 956 | 3 473 | 3 218 | 4 980 | 5 880 | 5 880 | 5 907 | 6 209 | 6 547 |
| Vote 11 - Road transport | | | 6 990 | 3 246 | 7 950 | 15 085 | 12 085 | 12 085 | 9 341 | 9 177 | 8 359 |
| Vote 12 - Waste Management | | | 5 305 | 7 797 | 7 243 | 9 966 | 9 466 | 9 466 | 11 919 | 11 640 | 11 719 |
| Vote 13 - Electricity | | | 6 628 | 9 273 | 10 235 | 14 812 | 14 412 | 14 412 | 13 173 | 13 823 | 14 547 |
| Vote 14 - [NAME OF VOTE 14] | | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | | 2 | 125 891 | 111 739 | 109 405 | 131 700 | 134 090 | 134 090 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) for the year | | 2 | 3 518 | 49 242 | 47 292 | 0 | 610 | 610 | (6 265) | (8 183) | (7 472) |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the city and water trading services.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue By Source | | | | | | | | | | |
| Property rates | 21 914 | 20 451 | 20 866 | 26 596 | 26 596 | 26 596 | 26 596 | 25 314 | 26 554 | 27 935 |
| Property rates - penalties & collection charges | 296 | 393 | 353 | 450 | 450 | 450 | 450 | 450 | 472 | 497 |
| Service charges - electricity revenue | 8 225 | 8 979 | 10 720 | 12 598 | 12 598 | 12 598 | 12 598 | 12 556 | 13 171 | 13 856 |
| Service charges - water revenue | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 4 676 | 4 376 | 5 264 | 5 874 | 5 874 | 5 874 | 5 874 | 6 050 | 6 347 | 6 677 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | 186 | 187 | 204 | 190 | 190 | 190 | 190 | 190 | 199 | 210 |
| Interest earned - external investments | 861 | 2 002 | 2 283 | 1 800 | 1 800 | 1 800 | 1 800 | 2 000 | 2 098 | 2 207 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | - | - | - | - |
| Dividends received | - | - | - | - | - | - | - | - | - | - |
| Fines | 365 | 452 | 91 | 55 | 55 | 55 | 55 | 55 | 58 | 61 |
| Licences and permits | 1 805 | 1 191 | 3 | 250 | 250 | 250 | 250 | 250 | 262 | 276 |
| Agency services | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - operational | 87 684 | 102 339 | 97 874 | 68 846 | 71 846 | 71 846 | 71 846 | 80 781 | 97 234 | 126 509 |
| Other revenue | 3 313 | 6 421 | 19 040 | 15 042 | 15 042 | 15 042 | 15 042 | 1 071 | 336 | 354 |
| Gains on disposal of PPE | 85 | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital) | 129 410 | 146 790 | 156 697 | 131 700 | 134 700 | 134 700 | 134 700 | 128 716 | 146 731 | 178 580 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 24 332 | 28 103 | 33 145 | 41 398 | 41 398 | 41 398 | 41 398 | 43 142 | 45 471 | 48 109 |
| Remuneration of councillors | 6 214 | 6 211 | 7 523 | 7 969 | 7 969 | 7 969 | 7 969 | 9 021 | 9 509 | 10 060 |
| Debt impairment | 31 796 | 9 689 | 3 081 | 2 842 | 2 842 | 2 842 | 2 842 | 2 842 | 2 981 | 3 136 |
| Depreciation & asset impairment | 3 778 | 17 507 | 15 360 | 4 759 | 4 759 | 4 759 | 4 759 | 2 000 | 2 675 | 2 808 |
| Bulk purchases | 4 367 | 5 868 | 7 269 | 9 300 | 9 300 | 9 300 | 9 300 | 10 084 | 10 578 | 11 128 |
| Other materials | 7 091 | 5 432 | 10 181 | 11 523 | 9 123 | 9 123 | 9 123 | 13 966 | 14 650 | 15 412 |
| Contracted services | 6 623 | 8 978 | 9 432 | 11 014 | 10 514 | 10 514 | 10 514 | 14 290 | 16 041 | 16 689 |
| Other expenditure | 42 871 | 29 322 | 23 340 | 42 894 | 48 184 | 48 184 | 48 184 | 39 637 | 53 009 | 78 710 |
| Total Expenditure | 127 167 | 111 739 | 109 405 | 131 700 | 134 090 | 134 090 | 134 090 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) | 2 243 | 35 051 | 47 292 | 0 | 610 | 610 | 610 | (6 265) | (8 183) | (7 472) |
| Transfers recognised - capital | 15 356 | 25 665 | 33 613 | 38 905 | 48 867 | 48 867 | 48 867 | 31 857 | 32 980 | 35 313 |
| contributions | 17 923 | 77 554 | 102 251 | 54 988 | 68 510 | 68 510 | 68 510 | 57 022 | 59 592 | 65 924 |
| Taxation | | | | | | | | | | |
| Surplus/(Deficit) after taxation | 17 923 | 77 554 | 102 251 | 54 988 | 68 510 | 68 510 | 68 510 | 57 022 | 59 592 | 65 924 |
| Attributable to minorities | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | 17 923 | 77 554 | 102 251 | 54 988 | 68 510 | 68 510 | 68 510 | 57 022 | 59 592 | 65 924 |
| Share of surplus/ (deficit) of associate | | | | | | | | | | |
| Surplus/(Deficit) for the year | 17 923 | 77 554 | 102 251 | 54 988 | 68 510 | 68 510 | 68 510 | 57 022 | 59 592 | 65 924 |

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R134.9 million in 2013/14 and escalates to R154.9 million by 2014/15. This represents a year-on-year increase of 0.03 per cent for the 2013/14 financial year and 13.3 per cent for the 2014/15 financial year.
2. Revenue to be generated from property rates is R25.7 million in the 2013/14 financial year and increases to R27 million by 2014/15 which represents 3.8 per cent of the operating revenue base of the Municipality. This represents a change due to implementation of the new valuation roll. Although the Council decided to decrease rates tariff, the market value of properties had an effect of an increase on rates.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R18.6 million for the 2013/14 financial year and increasing to R19.5 million by 2014/15. For the 2013/14 financial year services charges amount to 14 per cent of the total revenue base and grows by 8 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 8.7 per cent and 9.33 per cent for the two outer years.
5. Bulk purchases have significantly increased over the 2012/13 to 2013/14 period escalating from R7.5 million to R9.3 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Capital expenditure - Vote | | | | | | | | | | |
| <i>Multi-year expenditure to be appropriated</i> | | | | | | | | | | |
| Vote 1 - Executive and Council | 30 | 3 | - | - | - | - | - | 129 | - | - |
| Vote 2 - Budget and Terasury | 13 | 5 | 348 | 175 | 175 | 175 | 175 | 120 | - | - |
| Vote 3 - Corporate Services | 6 | 10 | - | 173 | 1 523 | 1 523 | 1 523 | 500 | - | - |
| Vote 4 - Community and Social Services | 223 | 128 | - | 1 230 | 80 | 80 | 80 | 1 000 | 4 800 | 4 150 |
| Vote 5 - Sport and Recreation | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Public Safety | 10 | 3 | - | - | - | - | - | - | - | - |
| Vote 7 - Housing | 24 208 | 9 848 | - | - | - | - | - | - | - | - |
| Vote 8 - Health | - | 25 | - | - | - | - | - | - | - | - |
| Vote 9 - Planning and Development | 19 | 29 873 | 16 080 | 18 921 | 27 462 | 27 462 | 27 462 | 5 612 | 17 170 | - |
| Vote 10 - Environmental Protection | 23 | 0 | - | 580 | 580 | 580 | 580 | 440 | 1 435 | - |
| Vote 11 - Road transport | 18 581 | 11 513 | 38 531 | 31 939 | 36 210 | 36 210 | 36 210 | 52 887 | 39 120 | 69 246 |
| Vote 12 - Waste Management | - | - | - | - | - | - | - | 600 | 1 000 | - |
| Vote 13 - Electricity | - | 943 | - | 1 970 | 1 870 | 1 870 | 1 870 | 2 000 | 4 250 | - |
| Vote 14 - [NAME OF VOTE 14] | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 43 113 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |
| Capital Expenditure - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | 48 | 18 | 348 | 348 | 1 698 | 1 698 | 175 | 749 | - | - |
| Executive and council | 30 | 3 | - | - | - | - | - | 129 | - | - |
| Budget and treasury office | 13 | 5 | 348 | 175 | 175 | 175 | 175 | 120 | - | - |
| Corporate services | 6 | 10 | - | 173 | 1 523 | 1 523 | - | 500 | - | - |
| <i>Community and public safety</i> | 24 441 | 10 003 | - | 1 230 | 80 | 80 | 80 | 1 000 | 4 800 | 4 150 |
| Community and social services | 223 | 128 | - | 1 230 | 80 | 80 | 80 | 1 000 | 4 800 | 4 150 |
| Sport and recreation | - | - | - | - | - | - | - | - | - | - |
| Public safety | 10 | 3 | - | - | - | - | - | - | - | - |
| Housing | 24 208 | 9 848 | - | - | - | - | - | - | - | - |
| Health | - | 25 | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | 18 623 | 41 386 | 54 611 | 51 440 | 64 252 | 64 252 | 64 252 | 58 939 | 57 725 | 69 246 |
| Planning and development | 19 | 29 873 | 16 080 | 18 921 | 27 462 | 27 462 | 27 462 | 5 612 | 17 170 | - |
| Road transport | 18 581 | 11 513 | 38 531 | 31 939 | 36 210 | 36 210 | 36 210 | 52 887 | 39 120 | 69 246 |
| Environmental protection | 23 | 0 | - | 580 | 580 | 580 | 580 | 440 | 1 435 | - |
| <i>Trading services</i> | - | 943 | - | 1 970 | 1 870 | 1 870 | 1 870 | 2 000 | 5 250 | - |
| Electricity | - | 943 | - | 1 970 | 1 870 | 1 870 | 1 870 | 2 000 | 4 250 | - |
| Water | - | - | - | - | - | - | - | - | - | - |
| Waste water management | - | - | - | - | - | - | - | 600 | 1 000 | - |
| Waste management | - | - | - | - | - | - | - | - | - | - |
| <i>Other</i> | | | | | | | | | | |
| Total Capital Expenditure - Standard | 43 113 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 66 377 | 63 288 | 67 775 | 73 396 |
| Funded by: | | | | | | | | | | |
| National Government | 15 356 | 24 139 | 33 613 | 37 189 | 47 151 | 47 151 | 47 151 | 29 347 | 32 980 | 35 313 |
| Provincial Government | 24 208 | 11 374 | - | 1 716 | 1 716 | 1 716 | 1 716 | 2 510 | - | - |
| Internally generated funds | 324 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 |
| Total Capital Funding | 39 887 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | |
| ASSETS | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash | 3 289 | 803 | 2 948 | 2 500 | 2 500 | 2 500 | 4 500 | 4 000 | 8 000 |
| Call investment deposits | 28 600 | 34 972 | 60 242 | 35 000 | 35 000 | 35 000 | 46 000 | 60 000 | 70 000 |
| Consumer debtors | 6 896 | 3 923 | 10 356 | 9 000 | 9 000 | 9 000 | 29 000 | 31 000 | 37 000 |
| Other debtors | 2 396 | 2 771 | 2 808 | 3 000 | 3 000 | 3 000 | 4 000 | 4 000 | 5 000 |
| Current portion of long-term receivables | | | | | | | | | |
| Inventory | 305 | 315 | 371 | | | | | | |
| Total current assets | 41 486 | 42 784 | 76 724 | 49 500 | 49 500 | 49 500 | 83 500 | 99 000 | 120 000 |
| Non current assets | | | | | | | | | |
| Long-term receivables | | | | | | | | | |
| Investments | | | | | | | | | |
| Investment property | 80 | 80 | 23 211 | 80 | 80 | 80 | 23 211 | 23 211 | 23 211 |
| Investment in Associate | | | | | | | | | |
| Property, plant and equipment | 185 844 | 207 829 | 223 607 | 243 000 | 243 000 | 243 000 | 295 265 | 303 552 | 321 791 |
| Agricultural | | | | | | | | | |
| Biological | | | | | | | | | |
| Intangible | | | 73 | | | | 73 | 73 | 73 |
| Other non-current assets | | | | | | | | | |
| Total non current assets | 185 925 | 207 909 | 246 891 | 243 080 | 243 080 | 243 080 | 318 549 | 326 836 | 345 075 |
| TOTAL ASSETS | 227 410 | 250 694 | 323 615 | 292 580 | 292 580 | 292 580 | 402 049 | 425 836 | 465 075 |
| LIABILITIES | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Bank overdraft | | | | | | | | | |
| Borrowing | 196 | 100 | - | - | - | - | - | - | - |
| Consumer deposits | 993 | 1 180 | 1 234 | 1 200 | 1 200 | 1 200 | 1 220 | 1 250 | 1 300 |
| Trade and other payables | 19 982 | 7 746 | 13 443 | 8 000 | 8 000 | 8 000 | 10 500 | 10 500 | 12 000 |
| Provisions | 2 690 | 2 152 | 2 300 | 3 000 | 3 000 | 3 000 | 3 457 | 4 000 | 4 000 |
| Total current liabilities | 23 861 | 11 179 | 16 977 | 12 200 | 12 200 | 12 200 | 15 177 | 15 750 | 17 300 |
| Non current liabilities | | | | | | | | | |
| Borrowing | 134 | 34 | - | - | - | - | - | - | - |
| Provisions | 5 139 | 6 085 | 10 220 | 8 000 | 8 000 | 8 000 | 10 000 | 10 000 | 12 000 |
| Total non current liabilities | 5 273 | 6 119 | 10 220 | 8 000 | 8 000 | 8 000 | 10 000 | 10 000 | 12 000 |
| TOTAL LIABILITIES | 29 134 | 17 298 | 27 197 | 20 200 | 20 200 | 20 200 | 25 177 | 25 750 | 29 300 |
| NET ASSETS | 198 276 | 233 396 | 296 418 | 272 380 | 272 380 | 272 380 | 376 872 | 400 086 | 435 775 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | |
| Accumulated Surplus/(Deficit) | 196 772 | 231 823 | 294 791 | 270 730 | 270 730 | 270 730 | 375 092 | 435 003 | 501 262 |
| Reserves | 1 504 | 1 573 | 1 627 | 1 650 | 1 650 | 1 650 | 1 780 | 1 800 | 1 850 |
| Minorities' interests | | | | | | | | | |
| TOTAL COMMUNITY WEALTH/EQUITY | 198 276 | 233 396 | 296 418 | 272 380 | 272 380 | 272 380 | 376 872 | 436 803 | 503 112 |

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows

| Description | Ref | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Ratepayers and other | | 28 087 | 29 308 | 41 576 | 41 801 | 41 801 | 41 801 | 41 801 | 39 044 | 40 949 | 42 544 |
| Government - operating | 1 | 75 844 | 67 409 | 63 974 | 65 400 | 65 400 | 65 400 | 65 400 | 88 000 | 96 800 | 106 480 |
| Government - capital | 1 | 18 582 | 25 665 | 33 613 | 39 000 | 70 197 | 70 197 | 70 197 | 68 000 | 74 800 | 82 280 |
| Interest | | 861 | 2 002 | 2 281 | 1 500 | 1 500 | 1 500 | 1 500 | 2 000 | 2 200 | 2 420 |
| Dividends | | | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (56 804) | (67 005) | (72 564) | (90 493) | (90 493) | (90 493) | (90 493) | (135 000) | (148 500) | (163 350) |
| Finance charges | | (78) | (43) | (14) | - | - | - | - | | | |
| Transfers and Grants | 1 | (28 989) | (13 177) | (7 839) | (7 944) | (7 944) | (7 944) | (7 944) | | | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 37 504 | 44 158 | 61 027 | 49 264 | 80 461 | 80 461 | 80 461 | 62 044 | 66 249 | 70 374 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | | | | |
| Decrease (Increase) in non-current debtors | | | | | | | | | | | |
| Decrease (Increase) other non-current receivables | | | | | | | | | | | |
| Decrease (Increase) in non-current investments | | | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Capital assets | | (19 703) | (40 076) | (33 613) | (39 000) | (70 197) | (70 197) | (70 197) | (68 889) | (75 778) | (83 356) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (19 703) | (40 076) | (33 613) | (39 000) | (70 197) | (70 197) | (70 197) | (68 889) | (75 778) | (83 356) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | | | | | | | | | | |
| Borrowing long term/refinancing | | | | | | | | | | | |
| Increase (decrease) in consumer deposits | | | | | | | | | - | - | |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | (210) | (196) | | | | | | | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (210) | (196) | - | - | - | - | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 17 591 | 3 886 | 27 414 | 10 264 | 10 264 | 10 264 | 10 264 | (6 845) | (9 529) | (12 982) |
| Cash/cash equivalents at the year begin: | 2 | 14 214 | 31 805 | 35 691 | 63 105 | 63 105 | 63 105 | 63 105 | 73 369 | 66 524 | 56 995 |
| Cash/cash equivalents at the year end: | 2 | 31 805 | 35 691 | 63 105 | 73 369 | 73 369 | 73 369 | 73 369 | 66 524 | 56 995 | 44 013 |

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | |
| Cash and investments available | | | | | | | | | |
| Cash/cash equivalents at the year end | 31 805 | 35 691 | 63 105 | 73 369 | 73 369 | 73 369 | 66 524 | 56 995 | 44 013 |
| Other current investments > 90 days | 84 | 84 | 85 | (35 869) | (35 869) | (35 869) | (16 024) | 7 005 | 33 987 |
| Non current assets - Investments | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | 31 889 | 35 775 | 63 190 | 37 500 | 37 500 | 37 500 | 50 500 | 64 000 | 78 000 |
| Application of cash and investments | | | | | | | | | |
| Unspent conditional transfers | 16 349 | 292 | 10 437 | 2 000 | 2 000 | 2 000 | 3 000 | 3 000 | 6 000 |
| Unspent borrowing | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 5 139 | 6 085 | 10 220 | 8 000 | 8 000 | 8 000 | 10 000 | 10 000 | 12 000 |
| Other working capital requirements | (3 071) | 2 831 | (6 674) | (2 216) | (2 216) | (2 216) | (20 549) | (22 737) | (29 834) |
| Other provisions | 2 690 | 2 152 | 2 300 | 3 000 | 3 000 | 3 000 | 3 457 | 4 000 | 4 000 |
| Long term investments committed | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 1 504 | 1 573 | 1 627 | 1 650 | 1 650 | 1 650 | 1 780 | 1 800 | 1 850 |
| Total Application of cash and investments: | 22 610 | 12 934 | 17 909 | 12 434 | 12 434 | 12 434 | (2 312) | (3 937) | (5 984) |
| Surplus(shortfall) | 9 279 | 22 841 | 45 280 | 25 066 | 25 066 | 25 066 | 52 812 | 67 937 | 83 984 |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | |
| Total New Assets | - | - | 33 613 | 6 399 | 16 541 | 15 516 | 39 098 | 63 625 | 43 663 |
| Infrastructure - Road transport | - | - | 33 613 | - | 8 692 | 8 692 | 31 835 | 36 758 | 35 313 |
| Infrastructure - Electricity | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | 33 613 | - | 8 692 | 8 692 | 31 835 | 36 758 | 35 313 |
| Community | - | - | - | - | - | - | 3 322 | 4 722 | 3 100 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | 6 399 | 7 849 | 6 824 | 3 941 | 22 145 | 5 250 |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Total Renewal of Existing Assets | - | - | 5 296 | 37 059 | 39 830 | 39 830 | 24 190 | 12 400 | 34 383 |
| Infrastructure - Road transport | - | - | 4 917 | 30 659 | 34 930 | 34 930 | 17 500 | - | 33 933 |
| Infrastructure - Electricity | - | - | - | 1 970 | 1 870 | 1 870 | 2 000 | 4 000 | - |
| Infrastructure | - | - | 4 917 | 32 629 | 36 800 | 36 800 | 19 500 | 4 000 | 33 933 |
| Community | - | - | 31 | 1 450 | 500 | 500 | 350 | 1 300 | 450 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | 348 | 2 980 | 2 530 | 2 530 | 4 340 | 7 100 | - |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | - | - | 38 910 | 73 688 | 76 630 | 76 630 | 63 688 | 26 400 | 68 316 |
| Infrastructure - Road transport | - | - | 38 531 | 30 659 | 43 621 | 43 621 | 49 335 | 36 758 | 69 246 |
| Infrastructure - Electricity | - | - | - | 1 970 | 1 870 | 1 870 | 2 000 | 4 000 | - |
| Infrastructure | - | - | 38 531 | 32 629 | 45 491 | 45 491 | 51 335 | 40 758 | 69 246 |
| Community | - | - | 31 | 1 450 | 500 | 500 | 3 672 | 6 022 | 3 550 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | 348 | 9 379 | 10 379 | 9 354 | 8 281 | 29 245 | 5 250 |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| TOTAL CAPITAL EXPENDITURE - Asset class | - | - | 38 910 | 43 458 | 56 371 | 55 346 | 63 288 | 76 025 | 78 046 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | |
| Infrastructure - Road transport | 161 591 | 179 643 | 168 668 | 186 000 | 186 000 | 186 000 | 228 284 | 240 092 | 253 985 |
| Infrastructure - Electricity | 1 970 | 1 970 | 1 614 | 1 970 | 1 970 | 1 970 | 2 000 | 2 200 | 2 420 |
| Infrastructure | 164 416 | 182 468 | 170 282 | 187 970 | 187 970 | 187 970 | 230 284 | 242 292 | 256 405 |
| Community | 17 444 | 15 421 | 34 830 | 35 000 | 35 000 | 35 000 | 37 509 | 39 260 | 41 186 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | 80 | 80 | 23 211 | 80 | 80 | 80 | 23 211 | 23 211 | 23 211 |
| Other assets | 12 998 | 36 011 | 18 495 | 20 030 | 20 030 | 20 030 | 20 000 | 22 000 | 24 200 |
| Agricultural Assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | 73 | - | - | - | 73 | 73 | 73 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 194 939 | 233 980 | 246 891 | 243 080 | 243 080 | 243 080 | 311 077 | 326 836 | 345 075 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| Depreciation & asset impairment | 3 778 | 17 507 | 15 360 | 4 759 | 4 759 | 4 759 | 2 000 | 2 675 | 2 808 |
| Repairs and Maintenance by Asset Class | 11 227 | 10 210 | 15 815 | 18 561 | 16 161 | 16 161 | 21 300 | 22 380 | 23 590 |
| Infrastructure - Road transport | 7 223 | 7 342 | 12 258 | 12 738 | 9 738 | 9 738 | 11 434 | 12 031 | 12 703 |
| Infrastructure - Electricity | 488 | 477 | 865 | 1 000 | 600 | 600 | 1 000 | 1 049 | 1 104 |
| Infrastructure | 7 711 | 7 820 | 13 123 | 13 738 | 10 338 | 10 338 | 12 434 | 13 080 | 13 807 |
| Community | 742 | 736 | 826 | 1 230 | 2 130 | 2 130 | 3 280 | 3 441 | 3 620 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | 2 774 | 1 654 | 1 867 | 3 593 | 3 693 | 3 693 | 5 586 | 5 859 | 6 164 |
| TOTAL EXPENDITURE OTHER ITEMS | 15 005 | 27 717 | 31 175 | 23 320 | 20 920 | 20 920 | 23 300 | 25 056 | 26 399 |
| Renewal of Existing Assets as % of total capex | 0.0% | 0.0% | 13.6% | 85.3% | 70.7% | 72.0% | 38.2% | 16.3% | 44.1% |
| Renewal of Existing Assets as % of deprecn" | 0.0% | 0.0% | 34.5% | 778.7% | 836.9% | 836.9% | 1209.5% | 463.5% | 1224.4% |
| R&M as a % of PPE | 6.0% | 4.9% | 7.1% | 7.6% | 6.7% | 6.7% | 7.2% | 7.4% | 7.3% |
| Renewal and R&M as a % of PPE | 6.0% | 4.0% | 9.0% | 23.0% | 23.0% | 23.0% | 15.0% | 11.0% | 17.0% |

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Household service targets | | | | | | | | | |
| Water: | | | | | | | | | |
| Piped water inside dwelling | | | | | | | | | |
| Piped water inside yard (but not in dwelling) | | | | | | | | | |
| Using public tap (at least min.service level) | | | | | | | | | |
| Other water supply (at least min.service level) | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | - | - | - | - | - | - | - | - | - |
| Using public tap (< min.service level) | | | | | | | | | |
| Other water supply (< min.service level) | | | | | | | | | |
| No water supply | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | - | - | - | - | - | - | - | - | - |
| Total number of households | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | | | | | | | | | |
| Flush toilet (connected to sewerage) | | | | | | | | | |
| Flush toilet (with septic tank) | | | | | | | | | |
| Chemical toilet | | | | | | | | | |
| Pit toilet (ventilated) | | | | | | | | | |
| Other toilet provisions (> min.service level) | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | - | - | - | - | - | - | - | - | - |
| Bucket toilet | | | | | | | | | |
| Other toilet provisions (< min.service level) | | | | | | | | | |
| No toilet provisions | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | - | - | - | - | - | - | - | - | - |
| Total number of households | - | - | - | - | - | - | - | - | - |
| Energy: | | | | | | | | | |
| Electricity (at least min.service level) | 1 006 | 1 009 | 1 009 | 1 014 | 1 014 | 1 014 | 1 016 | 1 018 | |
| Electricity - prepaid (min.service level) | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | 1 006 | 1 009 | 1 009 | 1 014 | 1 014 | 1 014 | 1 016 | 1 018 | - |
| Electricity (< min.service level) | | | | | | | | | |
| Electricity - prepaid (< min. service level) | 2 560 | 2 560 | 2 560 | 2 569 | 2 569 | 2 569 | 3 674 | 3 769 | |
| Other energy sources | 12 500 | 12 500 | 12 500 | 12 500 | 12 500 | 12 500 | 12 500 | 12 490 | |
| <i>Below Minimum Service Level sub-total</i> | 15 060 | 15 060 | 15 060 | 15 069 | 15 069 | 15 069 | 16 174 | 16 259 | - |
| Total number of households | 16 066 | 16 069 | 16 069 | 16 083 | 16 083 | 16 083 | 17 190 | 17 277 | - |
| Refuse: | | | | | | | | | |
| Removed at least once a week | 7 204 | 7 207 | 7 207 | 7 221 | 7 221 | 7 221 | 7 228 | 7 315 | |
| <i>Minimum Service Level and Above sub-total</i> | 7 204 | 7 207 | 7 207 | 7 221 | 7 221 | 7 221 | 7 228 | 7 315 | - |
| Removed less frequently than once a week | | | | | | | | | |
| Using communal refuse dump | 2 900 | 2 900 | 2 900 | 2 900 | 2 900 | 2 900 | 4 000 | 4 000 | |
| Using own refuse dump | | | | | | | | | |
| Other rubbish disposal | | | | | | | | | |
| No rubbish disposal | 5 962 | 5 962 | 5 962 | 5 962 | 5 962 | 5 962 | 5 962 | 5 962 | |
| <i>Below Minimum Service Level sub-total</i> | 8 862 | 8 862 | 8 862 | 8 862 | 8 862 | 8 862 | 9 962 | 9 962 | - |
| Total number of households | 16 066 | 16 069 | 16 069 | 16 083 | 16 083 | 16 083 | 17 190 | 17 277 | - |
| Households receiving Free Basic Service | | | | | | | | | |
| Water (6 kilolitres per household per month) | | | | | | | | | |
| Sanitation (free minimum level service) | | | | | | | | | |
| Electricity/other energy (50kwh per household per month) | 1 265 | 1 265 | 1 265 | 1 275 | 1 275 | 1 275 | 1 275 | 1 275 | |
| Refuse (removed at least once a week) | 2 560 | 2 560 | 2 560 | 2 569 | 2 569 | 2 569 | 3 674 | 3 769 | |
| Cost of Free Basic Services provided (R'000) | | | | | | | | | |
| Water (6 kilolitres per household per month) | | | | | | | | | |
| Sanitation (free sanitation service) | | | | | | | | | |
| Electricity/other energy (50kwh per household per month) | 450 | 520 | 520 | 654 | 654 | 654 | 710 | 780 | |
| Refuse (removed once a week) | 160 | 210 | 210 | 320 | 320 | 320 | 360 | 380 | |
| Total cost of FBS provided (minimum social package) | 610 | 730 | 730 | 974 | 974 | 974 | 1 070 | 1 160 | - |
| Highest level of free service provided | | | | | | | | | |
| Property rates (R value threshold) | | | | | | | | | |
| Water (kilolitres per household per month) | | | | | | | | | |
| Sanitation (kilolitres per household per month) | | | | | | | | | |
| Sanitation (Rand per household per month) | | | | | | | | | |
| Electricity (kwh per household per month) | | | | | | | | | |
| Refuse (average litres per week) | | | | | | | | | |
| Revenue cost of free services provided (R'000) | | | | | | | | | |
| Property rates (R15 000 threshold rebate) | 2 900 | 3 000 | 3 000 | 3 400 | 3 400 | 3 400 | 3 500 | 3 550 | |
| Property rates (other exemptions, reductions and rebates) | | | | | | | | | |
| Water | | | | | | | | | |
| Sanitation | | | | | | | | | |
| Electricity/other energy | 450 | 520 | 520 | 654 | 654 | 654 | 710 | 780 | |
| Refuse | 160 | 210 | 210 | 320 | 320 | 320 | 360 | 380 | |
| Municipal Housing - rental rebates | | | | | | | | | |
| Housing - top structure subsidies | | | | | | | | | |
| Other | | | | | | | | | |
| Total revenue cost of free services provided (total social package) | 3 510 | 3 730 | 3 730 | 4 374 | 4 374 | 4 374 | 4 570 | 4 710 | - |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Electricity services – backlog will be reduced by 1105 households. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 1200 households budgeted to be electrified in 2014/15.
 - b. Refuse services – backlog will be reduced by 1107 households in 2013/14, and a further 87 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 900 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1200 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R 974, 000 in 2013/14, increasing to R1,070, 000 in 2014/15. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households R3.4 million in free services in 2013/14, and it increases to R3.5 million in 2014/15. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

10.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

10.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 25 August 2012. Key dates applicable to the process were:

- **August 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **November 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2013** - Council considers the 2012/13 Mid-year Review and Adjustments Budget;

- **February 2013** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013/14 MTREF is revised accordingly;
- **27 March 2013** - Tabling in Council of the draft 2013/14 IDP and 2013/14 MTREF for public consultation;
- **April 2013** – Public consultation;
- **15th May 2013** - Closing date for written comments;
- **6 to 23 May 2013** – finalisation of the 2013/14 IDP and 2013/14 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2013** - Tabling of the 2013/14 MTREF before Council for consideration and approval.

there has been no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

10.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third generation of the municipal IDP as the last IDP was adopted by Council in May 2006. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

10.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2012/13 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery
- Dashboard imperatives
- Disaster management mandate
- Traffic Department
- Vacant positions
- Indigent customers
- Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58,59 ,66 and 67 has been taken into consideration in the planning and prioritisation process.

10.1.4 Community Consultation

The draft 2013/14 MTREF as tabled before Council on 27 March 2012 for community consultation [was](#) published on the municipality's website, and hard copies made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback [was](#) also communicated on the Municipality's website, and the Municipality's call centre [was](#) engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) [was](#) provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees [was](#) utilised to facilitate the community consultation process from 13 to 29 April 2012, and include 8 public briefing sessions. The applicable dates and venues [was](#) published in all the local newspapers and on average attendance of 500 was recorded per meeting. This [was](#) up compared to the previous year's process. This can be attributed to the additional initiatives that [was](#) launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions [was](#) scheduled with organised business and imbizo's will be held to further ensure transparency and interaction. Other stakeholders

involved in the consultation included churches, non-governmental institutions and community-based organisations.

10.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);

- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

| 2012/13 Financial Year | 2013/14 MTREF |
|--|--|
| 1. The provision of quality basic services and infrastructure | 1. Provision of quality basic services and infrastructure |
| 2. Acceleration of higher and shared economic growth and development | 2. Economic growth and development that leads to sustainable job creation |
| 3. Fighting of poverty, building clean, healthy, safe and sustainable communities | 3.1 Fight poverty and build clean, healthy, safe and sustainable communities |
| | 3.2 Integrated Social Services for empowered and sustainable communities |
| 4. Fostering participatory democracy and adherence to Batho pele principles through a caring, accessible and accountable service | 4. Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service |
| 5. Good governance, Financial viability and institutional governance | 5.1 Promote sound governance |
| | 5.2 Ensure financial sustainability |
| | 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide housing;
 - Provide roads and storm water;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;

- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective Municipality cleansing;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing batho pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2013/14 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

| Strategic Objective | Goal | Goal Code | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|----------------------------|-----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | |
| Sustainable Services | Electricity | | 8 771 | 11 378 | 13 034 | 14 972 | 14 972 | 14 972 | 15 880 | 15 872 | 16 697 |
| Sustainable Services | Waste Management | | 4 676 | 4 376 | 6 264 | 9 966 | 9 966 | 9 966 | 10 387 | 10 896 | 11 463 |
| Sustainable Services | Health | | 1 049 | 1 124 | 1 179 | 486 | 486 | 486 | 40 | 42 | 44 |
| Sustainable Services | Community | | 44 | 117 | 591 | 616 | 616 | 616 | 1 627 | 1 703 | 1 784 |
| Infrastructure | Roads & Stormwater | | 33 936 | 23 017 | 35 067 | 25 659 | 26 930 | 26 930 | 31 857 | 32 980 | 35 313 |
| Infrastructure | Cemeteries | | – | – | – | – | – | – | – | – | – |
| Infrastructure | Housing | | 48 415 | 19 696 | 2 768 | – | – | – | – | – | – |
| Infrastructure | Public Amenities | | – | – | – | – | – | – | – | – | – |
| Good Governance | Support Services | | 3 396 | 42 765 | 32 374 | 11 680 | 11 680 | 11 680 | 150 | 157 | 166 |
| Good Governance | Integrated Planning | | – | – | 167 | 150 | 8 842 | 8 842 | 150 | 157 | 166 |
| Good Governance | Financial Management | | 54 784 | 90 230 | 94 449 | 100 863 | 100 863 | 100 863 | 93 647 | 109 740 | 139 755 |
| Good Governance | Human Resources Management | | 90 | 98 | 179 | – | – | – | – | – | – |
| Good Governance | Executive and Council | | 14 867 | 2 040 | 4 040 | 4 141 | 4 141 | 4 141 | 6 478 | 7 790 | 8 113 |
| Environmental Management | Land Management | | – | – | – | – | – | – | – | – | – |
| Economic Development | Local Economic Development | | – | – | 99 | 1 716 | 4 716 | 4 716 | – | – | – |
| Social Development | Culture & Sport | | 13 | 12 | 9 | 12 | 12 | 12 | 12 | 13 | 13 |
| Social Development | Public Participation | | – | – | – | – | – | – | – | – | – |
| Safety & Security | Security | | – | – | – | – | – | – | – | – | – |
| Safety & Security | Disaster Management | | 2 155 | 1 639 | 89 | 344 | 344 | 344 | 344 | 361 | 380 |
| Safety & Security | Road Safety | | – | – | – | – | – | – | – | – | – |
| Allocations to other priorities | | | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | 172 198 | 196 493 | 190 311 | 170 605 | 183 567 | 183 567 | 160 573 | 179 711 | 213 893 |

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

| Strategic Objective | | Goal | Goal Code | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|----------------------------|------|-----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Sustainable Services | Electricity | | | 6 628 | 9 273 | 10 235 | 14 812 | 14 412 | 14 412 | 13 173 | 13 823 | 14 547 |
| Sustainable Services | Waste Management | | | 5 305 | 7 797 | 7 243 | 9 966 | 9 466 | 9 466 | 11 919 | 11 640 | 11 719 |
| Sustainable Services | Health | | | 1 322 | 1 680 | 2 050 | 2 644 | 2 544 | 2 544 | – | – | – |
| Sustainable Services | Community | | | 4 349 | 4 861 | 4 372 | 6 898 | 6 998 | 6 998 | 9 224 | 9 696 | 10 221 |
| Infrastructure | Roads & Stormwater | | | 6 990 | 3 246 | 7 950 | 15 085 | 12 085 | 12 085 | 9 341 | 9 177 | 8 359 |
| Infrastructure | Cemeteries | | | 299 | 230 | 178 | 303 | 303 | 303 | 225 | 236 | 249 |
| Infrastructure | Housing | | | 24 220 | 9 871 | 2 831 | – | – | – | – | – | – |
| Infrastructure | Public Amenities | | | 3 956 | 3 473 | 3 218 | 4 980 | 5 880 | 5 880 | 5 907 | 6 209 | 6 547 |
| Good Governance | Support Services | | | 6 154 | 5 659 | 6 153 | 14 506 | 14 506 | 14 506 | 10 571 | 11 111 | 11 717 |
| Good Governance | Integrated Planning | | | 0 | 10 | 23 | 4 820 | 5 620 | 5 620 | 5 406 | 5 417 | 6 032 |
| Good Governance | Financial Management | | | 40 541 | 39 083 | 32 967 | 19 202 | 19 302 | 19 302 | 18 860 | 33 610 | 59 888 |
| Good Governance | Human Resources | | | 5 869 | 7 173 | 6 803 | 8 682 | 10 172 | 10 172 | 11 824 | 12 434 | 13 119 |
| Good Governance | Executive and Council | | | 13 483 | 12 309 | 17 571 | 18 168 | 18 168 | 18 168 | 23 434 | 24 649 | 26 015 |
| Environmental Management | Land Management | | | – | – | – | – | – | – | – | – | – |
| Economic Development | Local Economic Development | | | 631 | 416 | 985 | 2 756 | 5 756 | 5 756 | 3 977 | 4 176 | 4 399 |
| Social Development | Culture & Sport | | | 653 | 384 | 392 | 636 | 636 | 636 | 584 | 614 | 648 |
| Social Development | Public Participation | | | | | | | | | | | |
| Safety & Security | Security | | | | | | | | | | | |
| Safety & Security | Road Safety | | | 5 491 | 6 274 | 6 436 | 8 241 | 8 241 | 8 241 | 10 537 | 12 123 | 12 591 |
| Allocations to other priorities | | | | | | | | | | | | |
| Total Expenditure | | | | 125 891 | 111 739 | 109 405 | 131 700 | 134 090 | 134 090 | 134 981 | 154 914 | 186 052 |

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

| Strategic Objective | Goal | Goal Code | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|----------------------------|-----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | |
| Sustainable Services | Electricity | A | – | 943 | – | 1 970 | 1 870 | 1 870 | 2 000 | 4 250 | – |
| Sustainable Services | Waste Management | B | – | – | – | – | – | – | 600 | 1 000 | – |
| Sustainable Services | Health | C | – | 25 | – | – | – | – | – | – | – |
| Sustainable Services | Community | D | 171 | 52 | – | 1 230 | 80 | 80 | 1 000 | 4 800 | 4 150 |
| Infrastructure | Roads & Stormwater | E | 18 581 | 11 513 | 38 531 | 31 939 | 36 210 | 36 210 | 52 887 | 39 120 | 69 246 |
| Infrastructure | Cemeteries | F | 52 | 76 | – | – | – | – | – | – | – |
| Infrastructure | Housing | G | 24 208 | 9 848 | – | – | – | – | – | – | – |
| Infrastructure | Public Amenities | H | 23 | 0 | – | 580 | 580 | 580 | 440 | 1 435 | – |
| Good Governance | Support Services | I | 19 | 29 873 | 16 080 | 16 505 | 16 355 | 16 355 | 5 522 | 17 170 | – |
| Good Governance | Integrated Planning | J | – | – | – | 700 | 9 392 | 9 392 | 90 | – | – |
| Good Governance | Financial Management | K | 13 | 5 | 348 | 175 | 175 | 175 | 120 | – | – |
| Good Governance | Human Resources | L | 6 | 10 | – | 173 | 1 523 | 1 523 | 500 | – | – |
| Good Governance | Executive and Council | M | 30 | 3 | – | – | – | – | 129 | – | – |
| Environmental Management | Land Management | N | – | – | – | – | – | – | – | – | – |
| Economic Development | Local Economic Development | O | – | – | – | 1 716 | 1 716 | 1 716 | – | – | – |
| Social Development | Culture & Sport | P | – | – | – | – | – | – | – | – | – |
| Social Development | Public Participation | R | – | – | – | – | – | – | – | – | – |
| Safety & Security | Security | S | – | – | – | – | – | – | – | – | – |
| Safety & Security | Road Safety | T | 10 | 3 | – | – | – | – | – | – | – |
| Allocations to other priorities | | | | | | | | | | | |
| Total Capital Expenditure | | | 43 113 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |

10.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

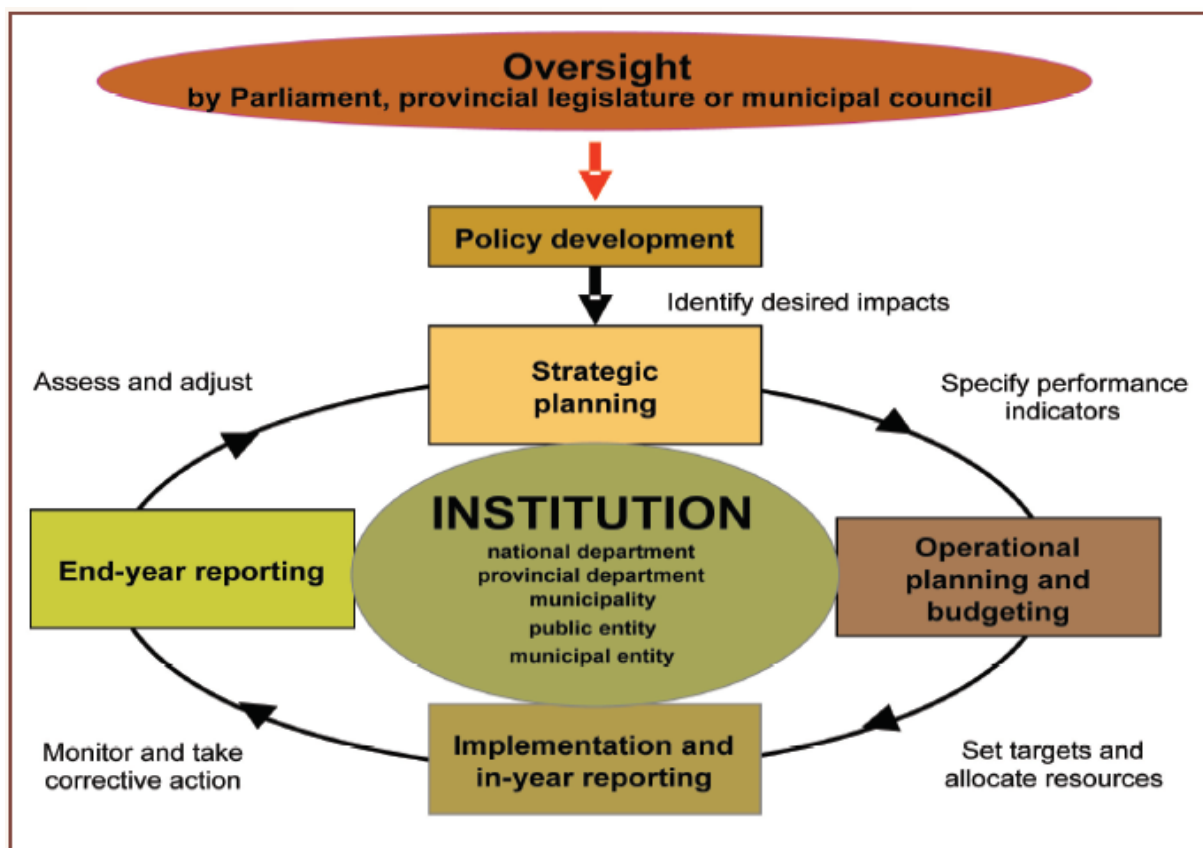


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

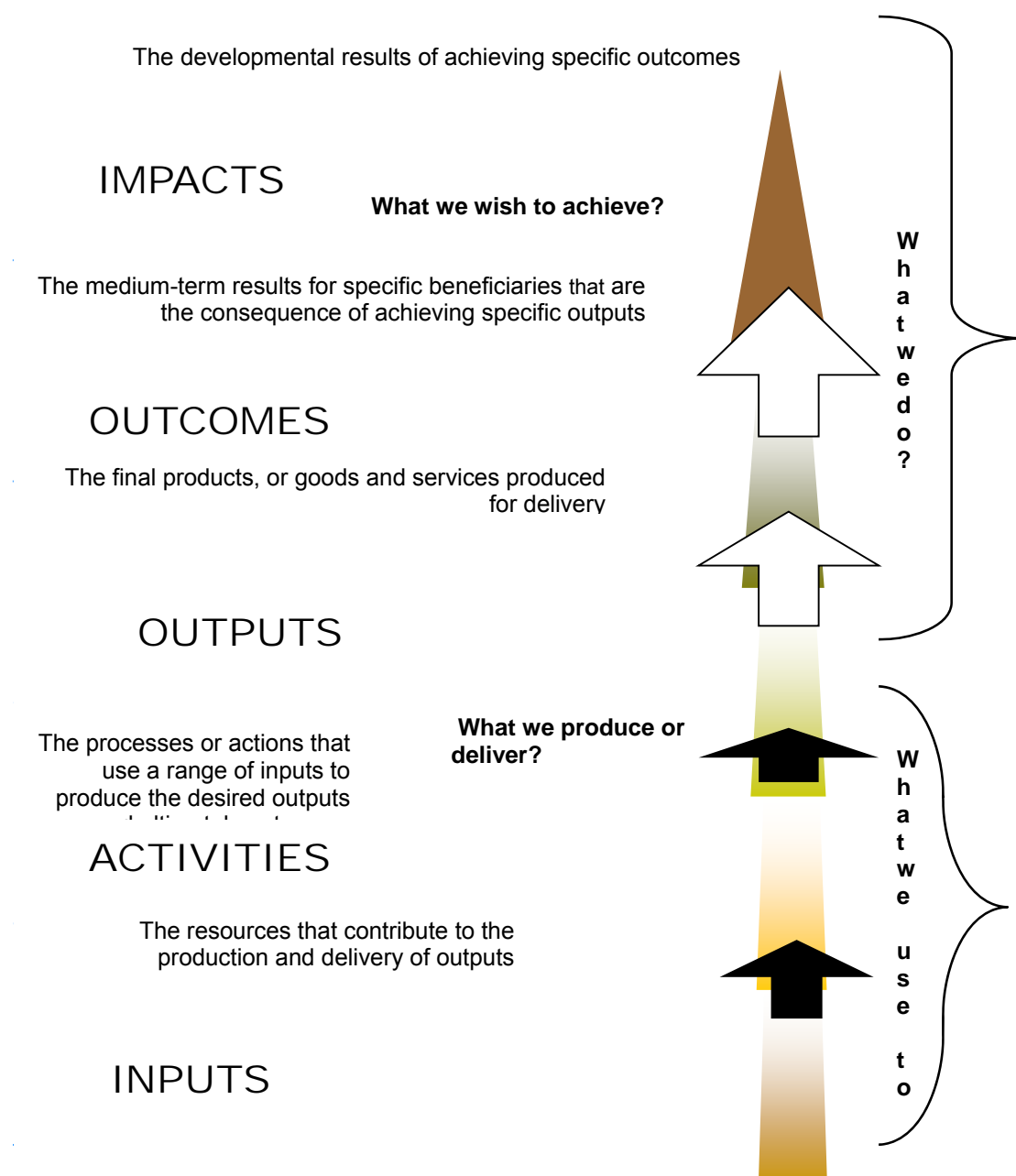


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 - Measurable performance objectives

KZN291 Mandeni - Supporting Table SA7 Measurable performance objectives

| Description | Unit of measurement | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|---------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Executive and Council | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Council | | | | | | | | | | |
| Strategic planning session | | | | | | | | 350,000 | | |
| EXCO retreat and planning session | | | | | | | | 150,000 | | |
| Policy review session | | | | | | | | 250,000 | | |
| Office Equipment | | | | | | | | 30,000 | | |
| Municipal Manager | | | | | | | | | | |
| 2x laptop | | | | | | | | 20,000 | | |
| 2 laptops (interns) | | | | | | | | 16,000 | | |
| 1 laptop (CAE) | | | | | | | | 8,000 | | |
| printer | | | | | | | | 5,000 | | |
| 1 Printer(specialised printer) | | | | | | | | 7,500 | | |
| PA system | | | | | | | | 20,000 | | |
| Loud hollers | | | | | | | | 10,000 | | |
| Camera | | | | | | | | 10,000 | | |
| office equipment | | | | | | | | 2,000 | | |
| Vote 2 - Budget and Terasury | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Treasury | | | | | | | | | | |
| 4 x Laptop | | | | | | | | 60,000 | | |
| 5 x Computers | | | | | | | | 40,000 | | |
| 2 x L-shape Desks | | | | | | | | 20,000 | | |
| Vote 3 - Corporate Services | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Server upgrade | | | | | | | | 100,000 | | |
| Biometric access control | | | | | | | | 300,000 | | |
| Furniture | | | | | | | | 100,000 | | |
| Vote 4 - Community and Social Services | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Social | | | | | | | | | | |
| HIV/AIDS Awareness Education Program | | | | | | | | 330,000 | 550,000 | 600,000 |
| Training and mentoring of WACs | | | | | | | | 150,000 | 200,000 | 250,000 |
| Indigent/ Pauper burial service | | | | | | | | 174,143 | 185,000 | 220,000 |
| Arts and culture | | | | | | | | 400,000 | 500,000 | 600,000 |
| Tertiary textbook for all libraries | | | | | | | | 25,000 | 40,000 | 50,000 |
| Youth Programmes (Career exhibition, Youth | | | | | | | | 400,000 | 500,000 | 800,000 |
| Special Programmes - (celebration of calendar | | | | | | | | 450,000 | 500,000 | 600,000 |
| Sports development and promotion | | | | | | | | 250,000 | 650,000 | 800,000 |
| SALGA games | | | | | | | | 450,000 | 800,000 | 1,000,000 |
| Flagship programme (Operation Sukuma | | | | | | | | - | 500,000 | 600,000 |
| Geographical naming (name change and | | | | | | | | 200,000 | 250,000 | 300,000 |
| Sports and Recreation | | | | | | | | | | |
| Swimming pool | | | | | | | | 300,000 | 3,000,000 | 2,500,000 |
| Pool vacuum | | | | | | | | 100,000 | | |
| Establish cricket ground | | | | | | | | | 500,000 | 600,000 |
| Upgrade tennis court | | | | | | | | 100,000 | | |
| Combo Goal Posts Sport field | | | | | | | | 100,000 | 100,000 | 200,000 |
| Laptops | | | | | | | | 35,000 | | |
| Printers | | | | | | | | 15,000 | | |
| Acoustics installation - Sibusisive hall | | | | | | | | | 1,000,000 | |

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives Cont...

| Description | Unit of measurement | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|---------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Library | | | | | | | | | | |
| Mobile Libraries | | | | | | | | 100,000 | 200,000 | 250,000 |
| Library counter | | | | | | | | | 100,000 | |
| Library Cupboards | | | | | | | | 250,000 | | 600,000 |
| Vote 6 - Public Safety | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Safety | | | | | | | | | | |
| Disaster management / relief Aide | | | | | | | | 150,000 | 400,000 | 500,000 |
| Formulation of Disaster management plan | | | | | | | | 250,000 | | |
| Facilitate the establishment of disaster Education and Awareness campaign - | | | | | | | | 2,410,000 | 600,000 | 600,000 |
| Scholar patrol programme | | | | | | | | 200,000 | 200,000 | 200,000 |
| Formulation of Mandeni Safety Forum in | | | | | | | | 50,000 | 100,000 | 150,000 |
| Pounding of stray animals | | | | | | | | 200,000 | 200,000 | 200,000 |
| Resuscitate the functioning of Public Safety | | | | | | | | | 500,000 | 600,000 |
| Facilitate the re-opening of the learners/drivers | | | | | | | | | 150,000 | 200,000 |
| Erection of speed humps within the area of | | | | | | | | 100,000 | 100,000 | 150,000 |
| Uniform and safety cloth for traffic officers | | | | | | | | 80,000 | 1,000,000 | 120,000 |
| Training and development for public safety | | | | | | | | 100,000 | 1,000,000 | 120,000 |
| Vote 9 - Planning and Development | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Planning | | | | | | | | | | |
| Ngwenya Nature Reserve Revival | | | | | | | | 500,000 | | |
| Phase 2 Informal Traders Development | | | | | | | | 1,200,000 | | |
| Tourism Sector Plan Review | | | | | | | | 200,000 | | |
| LED Strategy Review | | | | | | | | 150,000 | | |
| SMME Support (Food for waste) | | | | | | | | | 500,000 | |
| Feasibility Study for Establishment of Fashion | | | | | | | | | 500,000 | |
| Development of Investment Strategy | | | | | | | | 200,000 | 500,000 | |
| Feasibility Study on Renewable Energy | | | | | | | | | 1,500,000 | |
| Business Plan for Nurseries Establishment | | | | | | | | | 500,000 | |
| Business Plan for Cooperatives Formation in | | | | | | | | | 500,000 | |
| Revival of Small cane Growers | | | | | | | | | 500,000 | |
| Feasibility Study and Business Plan for | | | | | | | | | 500,000 | |
| Installation of Irrigation scheme | | | | | | | | | 1,000,000 | 1,000,000 |
| Supply of Agricultural Farming Equipment for | | | | | | | | | 2,000,000 | 2,000,000 |
| Feasibility Study and Business Plan for Fresh | | | | | | | | | 2,000,000 | |
| Feasibility Study and Business Plan for | | | | | | | | 200,000 | | |
| Mandeni Tourism Conference | | | | | | | | 30,000 | 500,000 | 500,000 |
| Tourism Marketing Plan and Route | | | | | | | | | 350,000 | 350,000 |
| Establishment of Tourism Information Centre | | | | | | | | 200,000 | 1,000,000 | 1,000,000 |
| Tourism Signage | | | | | | | | 100,000 | | |
| Establishment of Museum | | | | | | | | 150,000 | 2,000,000 | 2,000,000 |
| SMME Development and Training | | | | | | | | 200,000 | 250,000 | 250,000 |
| Formation of Cooperatives in Waste | | | | | | | | 200,000 | 500,000 | 1,000,000 |
| Furniture | | | | | | | | 50,000 | | |
| Computers | | | | | | | | 40,000 | | |
| Technical Services | | | | | | | | | | |
| Section 78 assessment of waste services | | | | | | | | 500,000 | - | |
| Review of TWMP | | | | | | | | 300,000 | - | |
| Establish garden refuse drop off centres | | | | | | | | 500,000 | 500,000 | |
| Computers for new recruits | | | | | | | | 30,000 | 10,000 | |
| Office Furniture for new recruits | | | | | | | | 30,000 | 10,000 | |
| Boardroom furniture | | | | | | | | - | - | |
| Digital Camera | | | | | | | | - | - | |
| Projector | | | | | | | | - | - | |
| Fridge | | | | | | | | 2,000 | | |
| Reception furniture | | | | | | | | 10,000 | | |
| Municipal Building | | | | | | | | | | |
| Refurbishment of existing and provision of New | | | | | | | | 4,000,000 | 7,000,000 | |
| Ablutions and changerooms incl. lockers | | | | | | | | 300,000 | | |
| Informal trader stalls | | | | | | | | 2,510,000 | | |

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives Cont...

| Description | Unit of measurement | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|---------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Fleet and workshop | | | | | | | | | | |
| Light Delivery Vehicles (LDVs) | | | | | | | | 900,000 | 2,000,000 | |
| Trailers | | | | | | | | 150,000 | 100,000 | |
| Workshop equipment | | | | | | | | 100,000 | 50,000 | |
| Vote 10 - Environmental Protection | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Parks | | | | | | | | | | |
| Brushcutters | | | | | | | | 100,000 | 120,000 | |
| Ride mower | | | | | | | | | 240,000 | |
| 4 tonne crew cab and load bin trucks | | | | | | | | | 600,000 | |
| Ride mower | | | | | | | | 220,000 | - | |
| Push mowers | | | | | | | | 50,000 | 75,000 | |
| Plant nursery | | | | | | | | 100,000 | 100,000 | |
| Plants and trees | | | | | | | | | 200,000 | |
| Storage container | | | | | | | | 50,000 | - | |
| Small tools | | | | | | | | 40,000 | | |
| Vote 11 - Road transport | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Roads | | | | | | | | | | |
| Roads Masterplan and Pavement | | | | | | | | 750,000 | - | |
| Preparation of a Storm-water masterplan | | | | | | | | 750,000 | 750,000 | |
| Establishment of borrow pits | | | | | | | | 500,000 | 500,000 | |
| Infrastructure Summit | | | | | | | | 300,000 | | |
| Counter funding on MIG Projects | | | | | | | | 3,000,000 | 5,000,000 | |
| Rehabilitation of rural roads | | | | | | | | 2,500,000 | | 11,932,900 |
| 4 ton crew cab trucks with load bins | | | | | | | | | 650,000 | |
| Pad foot compactors | | | | | | | | 60,000 | 90,000 | |
| Mobile toilets- trailer mounted | | | | | | | | 150,000 | 100,000 | |
| Tar sprayer | | | | | | | | 50,000 | - | |
| Small Tools | | | | | | | | 50,000 | 50,000 | |
| Roll overs on Grants | | | | | | | | 15,000,000 | | 22,000,000 |
| CBD Upgrade and Improvement | | | | | | | | 5,000,000 | 5,000,000 | 5,000,000 |
| Masomance minibus taxi route | | | | | | | | - | - | - |
| Sundumbili roads Phase 6 | | | | | | | | 1,661,885 | - | - |
| Inyoni taxi route Phase 1 | | | | | | | | 232,992 | - | - |
| Inyoni taxi route Phase 2 | | | | | | | | 2,541,391 | - | - |
| Sundumbili Roads Upgrade Phase 7 | | | | | | | | 15,179,281 | 1,300,000 | - |
| Sport facilities (p-component) | | | | | | | | 3,021,649 | 4,985,906 | 5,296,950 |
| Inyoni Taxi route phase 3 | | | | | | | | 1,616,964 | 11,684,349 | 2,800,000 |
| Upgrading of Newark Drive | | | | | | | | 1,625,488 | 11,360,745 | 3,630,367 |
| Amanda Farm Housing Taxi routes | | | | | | | | - | - | 8,000,000 |
| Rural Roads Upgrade | | | | | | | | - | - | 10,820,033 |
| Hardened Sidewalks | | | | | | | | 2,000,000 | 2,000,000 | 3,000,000 |
| PMU (5% Top slice) | | | | | | | | 1,467,350 | 1,649,000 | 1,765,650 |
| Vote 12 - Waste Management | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Solid waste | | | | | | | | | | |
| Skips (Communal Bins) | | | | | | | | 500,000 | 500,000 | |
| Wood chipper | | | | | | | | | 200,000 | |
| Wheeled bins & street bins | | | | | | | | 200,000 | 300,000 | |
| Vote 13 - Electricity | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Refurbish 11kv overhead power lines | | | | | | | | 1,000,000 | - | |
| Pre-paid electricity Metering | | | | | | | | 750,000 | - | |
| Increase the NMD on Mandini Licensed | | | | | | | | - | 1,500,000 | |
| Fencing of sub-stations | | | | | | | | | - | |
| Streetlighting (new) | | | | | | | | 250,000 | 2,500,000 | |
| Fault finding machine | | | | | | | | - | 250,000 | |

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

KZN291 Mandeni - Supporting Table SA8 Performance indicators and benchmarks

| | | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description of financial indicator | Basis of calculation | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | | | | | | | | | | |
| Borrowing Management | | | | | | | | | | |
| Credit Rating | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 0.2% | 0.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 0.7% | 0.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Safety of Capital | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 8.9% | 2.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Liquidity | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1.7 | 3.8 | 4.5 | 4.1 | 4.1 | 4.1 | 5.5 | 6.3 | 6.9 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 1.7 | 3.8 | 1.4 | 0.4 | 0.4 | 0.4 | 1.9 | 2.7 | 3.6 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 1.3 | 3.2 | 3.7 | 3.1 | 3.1 | 3.1 | 3.3 | 4.1 | 4.5 |
| Revenue Management | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Lev el %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 68.9% | 69.0% | 73.5% | 68.5% | 68.5% | 68.5% | 85.0% | 86.4% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | | 68.9% | 69.0% | 73.5% | 68.5% | 68.5% | 68.5% | 85.0% | 86.4% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 7.2% | 4.6% | 8.4% | 9.1% | 8.9% | 8.9% | 25.6% | 23.9% | 23.5% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | 2.8% | 3.8% | 8.0% | 14.0% | 14.0% | 14.0% | 30.0% | 30.0% | 30.0% |
| Creditors Management | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA' s 65(e)) | 92.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Creditors to Cash and Investments | | 10.5% | 20.9% | 4.8% | 8.2% | 8.2% | 8.2% | 11.3% | 13.2% | 13.6% |
| Other Indicators | | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 |
| | Total Cost of Losses (Rand '000) | | | | | | | | | |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 18.8% | 19.1% | 21.2% | 31.4% | 30.7% | 30.7% | 33.5% | 31.0% | 26.9% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 23.1% | 21.3% | 23.0% | 37.2% | 36.4% | 36.4% | 40.5% | 37.5% | 32.6% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 8.7% | 7.0% | 10.1% | 14.1% | 12.0% | 12.0% | 16.5% | 15.3% | 13.2% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 3.0% | 12.0% | 9.8% | 3.6% | 3.5% | 3.5% | 1.6% | 1.8% | 1.6% |
| IDP regulation financial viability indicators | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 19.0 | 19.5 | 39.2 | 41.9 | 41.9 | 41.9 | 21.8 | 20.5 | 21.5 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 26.3% | 19.5% | 35.2% | 26.3% | 26.3% | 26.3% | 74.1% | 74.9% | 85.4% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 4.1 | 5.9 | 10.3 | 9.3 | 9.3 | 9.3 | 7.9 | 6.1 | 4.2 |

10.3.1 Performance indicators and benchmarks**10.3.1.1 Borrowing Management**

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely

dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 9.3 per cent in 2008/09 to 0 per cent in 2012/13. This decrease can be attributed to none raising of loans. It is estimated that the cost of borrowing as a percentage of the operating expenditure will remain 0 per cent in 2013/14.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

10.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is 4.8 in the 2013/14 financial year and 4.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 3.2 and as part of the financial planning strategy it has been maintained at 3.1 in the 2013/14 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

10.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the

strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

10.3.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

10.3.1.5 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organ gram and low tariff increase which has direct relationship with low billing level.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

10.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2013/14 financial year 1000 registered indigents have been provided for in the budget with this figured increasing to 1500 by 2014/15. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 33.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

10.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

10.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

10.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

10.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

10.4.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in 2009

10.4.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in January 2009. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

10.4.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

10.5 Overview of budget assumptions

10.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2012 will be 2.3 per cent rising to 3.6 per cent by 2013.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

10.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk city and water; and
- The increase in the cost of remuneration. Employee related costs comprise 32 per cent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC still to be concluded with the municipal workers unions before 31 July 2012 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

10.5.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (87 per cent) of annual billings. Cash flow is assumed to be 85 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

10.5.4 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the

household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

10.5.5 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. The National treasury guide for 2012 and beyond is 5 per cent across the board. However SALGA has subsequently hinted the 7 per cent increase.

10.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

10.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

10.6 Overview of budget funding

10.6.1 Medium-term outlook: operating revenue

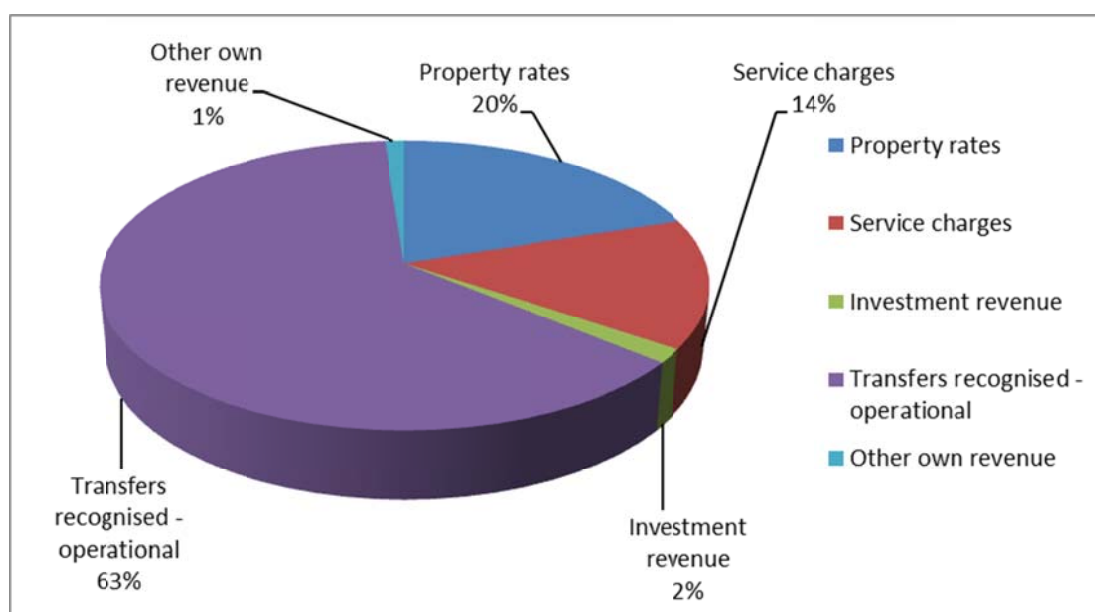
The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

KZN291 Mandeni - Table A1 Budget Summary

| Description | Current Year 2012/13 | | 2013/14 Medium Term Revenue & Expenditure Framework | | | | | |
|--|----------------------|-------|---|------|------------------------|------|------------------------|------|
| | Original Budget | | Budget Year 2013/14 | % | Budget Year +1 2014/15 | % | Budget Year +2 2015/16 | % |
| Financial Performance | | | | | | | | |
| Property rates | 27 046 | 20.5 | 25 764 | 20.0 | 27 026 | 18.4 | 28 431 | 15.9 |
| Service charges | 18 472 | 14.0 | 18 606 | 14.5 | 19 518 | 13.3 | 20 533 | 11.5 |
| Investment revenue | 1 800 | 1.4 | 2 000 | 1.6 | 2 098 | 1.4 | 2 207 | 1.2 |
| Transfers recognised - operational | 68 846 | 52.3 | 80 781 | 62.8 | 97 234 | 66.3 | 126 509 | 70.8 |
| Other own revenue | 15 537 | 11.8 | 1 566 | 1.2 | 856 | 0.6 | 900 | 0.5 |
| Total Revenue (excluding capital transfers and | 131 700 | 100.0 | 128 716 | | 146 731 | | 178 580 | |

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

**Figure 4 Breakdown of operating revenue over the 2013/14 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 85 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;

- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over the medium-term

| Revenue category | 2013/14 proposed tariff increase | 2014/15 proposed tariff increase | 2015/16 proposed tariff increase | 2013/14 Additional revenue for each 1% tariff increase | 2014/15 Additional revenue for each 1% tariff increase | 2013/14 Total Budget revenue |
|------------------|----------------------------------|----------------------------------|----------------------------------|--|--|------------------------------|
| | % | % | % | R'000 | R'000 | R'000 |
| Property rates | -18 | 0 | 6 | 0.253 | 0.253 | 25.314 |
| Solid Waste | 6 | 5.1 | 4.9 | 0.061 | 0.061 | 6.050 |
| Electricity | 7 | 7 | 7 | 0.126 | 0.126 | 12.556 |
| Total | | | | 0.439 | 0.439 | 43.920 |

Revenue to be generated from property rates is R26.5 million in the 2013/14 financial year and increases to R28.0 million by 2014/15 which represents 20 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition we expect some objections, although significant progress was made in clearing all objections by the 2012/13 financial year

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totalling R18.4 million for the 2013/14 financial year and increasing to R19.4 million by 2014/15. For the 2013/14 financial year services charges amount to 14 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R68.8 million, R74.9 million and R81.7 million for each of the respective financial years of the MTREF, or 52, 53 and 53.8 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 6 per cent and 8.9 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1.8 million, R1.89 million and R2 million for the respective three financial years of the 2013/14 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 30 MBRR SA15 – Detail Investment Information

KZN291 Mandeni - Supporting Table SA15 Investment particulars by type

| Investment type | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | |
| Parent municipality | | | | | | | | | |
| Securities - National Government | | | | | | | | | |
| Listed Corporate Bonds | | | | | | | | | |
| Deposits - Bank | 28,600 | 34,972 | 60,242 | 35,000 | 35,000 | 35,000 | 40,000 | 60,000 | 70,000 |
| Deposits - Public Investment Commissioners | | | | | | | | | |
| Deposits - Corporation for Public Deposits | | | | | | | | | |
| Bankers Acceptance Certificates | | | | | | | | | |
| Negotiable Certificates of Deposit - Banks | | | | | | | | | |
| Guaranteed Endowment Policies (sinking) | | | | | | | | | |
| Repurchase Agreements - Banks | | | | | | | | | |
| Municipal Bonds | | | | | | | | | |
| Municipality sub-total | 28,600 | 34,972 | 60,242 | 35,000 | 35,000 | 35,000 | 40,000 | 60,000 | 70,000 |
| Entities | | | | | | | | | |
| Securities - National Government | | | | | | | | | |
| Listed Corporate Bonds | | | | | | | | | |
| Deposits - Bank | | | | | | | | | |
| Deposits - Public Investment Commissioners | | | | | | | | | |
| Deposits - Corporation for Public Deposits | | | | | | | | | |
| Bankers Acceptance Certificates | | | | | | | | | |
| Negotiable Certificates of Deposit - Banks | | | | | | | | | |
| Guaranteed Endowment Policies (sinking) | | | | | | | | | |
| Repurchase Agreements - Banks | | | | | | | | | |
| Entities sub-total | - | - | - | - | - | - | - | - | - |
| Consolidated total: | 28,600 | 34,972 | 60,242 | 35,000 | 35,000 | 35,000 | 40,000 | 60,000 | 70,000 |

Table 31 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity

| Investments by Maturity Name of institution & investment ID | Period of Investment Yrs/Months | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate 3. | Commission Paid (Rands) | Commission Recipient | Expiry date of investment | Monetary value Rand thousand | Interest to be realised |
|--|------------------------------------|--------------------|--------------------------------|---------------------------------|---------------------|-------------------------|----------------------|---------------------------|---------------------------------|-------------------------|
| | | | | | | | | | | |
| Parent municipality | | | | | | | | | | |
| FNB | 12 | 32 days notice | No | Variable | 0.03 - .06 | | | 32 days | 33,900 | 2,000 |
| Nedbank | 12 | 32 days notice | No | Variable | 0.03 - .06 | | | 32 days | 6,100 | 300 |
| Entities sub-total | | | | | | | | | - | - |
| TOTAL INVESTMENTS AND INTEREST | | | | | | | | | 40,000 | 2,300 |

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R16 million, R17.7 million and R20.5 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

10.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Total Capital Expenditure - Standard | 43 113 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 66 377 | 63 288 | 67 775 | 73 396 |
| Funded by: | | | | | | | | | | |
| National Government | 15 356 | 24 139 | 33 613 | 37 189 | 47 151 | 47 151 | 47 151 | 29 347 | 32 980 | 35 313 |
| Provincial Government | 24 208 | 11 374 | – | 1 716 | 1 716 | 1 716 | 1 716 | 2 510 | – | – |
| Internally generated funds | 324 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 |
| Total Capital Funding | 39 887 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |

The above table is graphically represented as follows for the 2013/14 financial year.

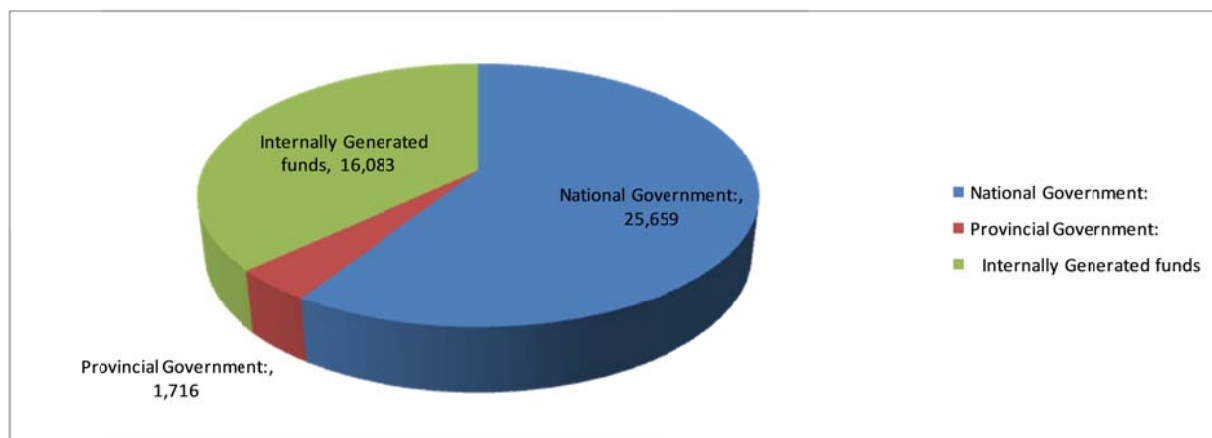


Figure 5 Sources of capital revenue for the 2013/14 financial year

Capital grants and receipts equates to 63 per cent of the total funding source which represents R26 million for the 2013/14 financial year and steadily increase to R35 million or 66 per cent by 2014/15. Growth relating to grant receipts is -48, 23 and 5.7 per cent over the medium-term.

Table 33 MBRR Table SA 18 - Capital transfers and grant receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Capital Transfers and Grants | | | | | | | | |
| National Government: | 15 356 | 24 139 | 33 613 | 37 189 | 47 151 | 29 347 | 32 980 | 35 313 |
| Municipal Infrastructure Grant (MIG) | 15 356 | 11 509 | 17 534 | 25 659 | 26 930 | 29 347 | 32 980 | 35 313 |
| Neighbourhood Development Partnership | – | 12 630 | 16 080 | 11 530 | 20 221 | – | – | – |
| Provincial Government: | 24 208 | 11 374 | – | 1 716 | 1 716 | 2 510 | – | – |
| Small towns rehabilitation | 24 208 | 11 374 | – | 1 716 | 1 716 | 2 510 | – | – |
| Total Capital Transfers and Grants | 39 563 | 35 513 | 33 613 | 38 905 | 48 867 | 31 857 | 32 980 | 35 313 |

10.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 34 MBRR Table A7 - Budget cash flow statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Ratepayers and other | 28 087 | 29 308 | 41 576 | 41 801 | 41 801 | 41 801 | 41 801 | 39 044 | 40 949 | 42 544 |
| Government - operating | 75 844 | 67 409 | 63 974 | 65 400 | 65 400 | 65 400 | 65 400 | 88 000 | 96 800 | 106 480 |
| Government - capital | 18 582 | 25 665 | 33 613 | 39 000 | 70 197 | 70 197 | 70 197 | 68 000 | 74 800 | 82 280 |
| Interest | 861 | 2 002 | 2 281 | 1 500 | 1 500 | 1 500 | 1 500 | 2 000 | 2 200 | 2 420 |
| Dividends | | | | | | | | | | |
| Payments | | | | | | | | | | |
| Suppliers and employees | (56 804) | (67 005) | (72 564) | (90 493) | (90 493) | (90 493) | (90 493) | (135 000) | (148 500) | (163 350) |
| Finance charges | (78) | (43) | (14) | - | - | - | - | | - | - |
| Transfers and Grants | (28 989) | (13 177) | (7 839) | (7 944) | (7 944) | (7 944) | (7 944) | | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 37 504 | 44 158 | 61 027 | 49 264 | 80 461 | 80 461 | 80 461 | 62 044 | 66 249 | 70 374 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | | | | | |
| Decrease (increase) in non-current debtors | | | | | | | | | | |
| Decrease (increase) other non-current receivables | | | | | | | | | | |
| Decrease (increase) in non-current investments | | | | | | | | | | |
| Payments | | | | | | | | | | |
| Capital assets | (19 703) | (40 076) | (33 613) | (39 000) | (70 197) | (70 197) | (70 197) | (68 889) | (75 778) | (83 356) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (19 703) | (40 076) | (33 613) | (39 000) | (70 197) | (70 197) | (70 197) | (68 889) | (75 778) | (83 356) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | | | | | | | | | |
| Borrowing long term/refinancing | | | | | | | | | | |
| Increase (decrease) in consumer deposits | | | | | | | | - | - | |
| Payments | | | | | | | | | | |
| Repayment of borrowing | (210) | (196) | | | | | | | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (210) | (196) | - | - | - | - | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | 17 591 | 3 886 | 27 414 | 10 264 | 10 264 | 10 264 | 10 264 | (6 845) | (9 529) | (12 982) |
| Cash/cash equivalents at the year begin: | 14 214 | 31 805 | 35 691 | 63 105 | 63 105 | 63 105 | 63 105 | 73 369 | 66 524 | 56 995 |
| Cash/cash equivalents at the year end: | 31 805 | 35 691 | 63 105 | 73 369 | 73 369 | 73 369 | 73 369 | 66 524 | 56 995 | 44 013 |

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2008/09 and 2013/14 financial year moving from a positive cash balance of R14 million to a surplus of R42 million with the approved 2012/13 MTREF. With the 2012/13 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected

that cash and cash equivalents on hand will increase to R52 million by the financial year end. For the 2013/14 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R63 million by 2014/15 and steadily increasing to R76 million by 2014/15.

10.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Cash and investments available | | | | | | | | | |
| Cash/cash equivalents at the year end | 31 805 | 35 691 | 63 105 | 73 369 | 73 369 | 73 369 | 66 524 | 56 995 | 44 013 |
| Other current investments > 90 days | 84 | 84 | 85 | (35 869) | (35 869) | (35 869) | (16 024) | 7 005 | 33 987 |
| Non current assets - Investments | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | 31 889 | 35 775 | 63 190 | 37 500 | 37 500 | 37 500 | 50 500 | 64 000 | 78 000 |
| Application of cash and investments | | | | | | | | | |
| Unspent conditional transfers | 16 349 | 292 | 10 437 | 2 000 | 2 000 | 2 000 | 3 000 | 3 000 | 6 000 |
| Unspent borrowing | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 5 139 | 6 085 | 10 220 | 8 000 | 8 000 | 8 000 | 10 000 | 10 000 | 12 000 |
| Other working capital requirements | (3 071) | 2 831 | (6 674) | (2 216) | (2 216) | (2 216) | (20 549) | (22 737) | (29 834) |
| Other provisions | 2 690 | 2 152 | 2 300 | 3 000 | 3 000 | 3 000 | 3 457 | 4 000 | 4 000 |
| Long term investments committed | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 1 504 | 1 573 | 1 627 | 1 650 | 1 650 | 1 650 | 1 780 | 1 800 | 1 850 |
| Total Application of cash and investments: | 22 610 | 12 934 | 17 909 | 12 434 | 12 434 | 12 434 | (2 312) | (3 937) | (5 984) |
| Surplus(shortfall) | 9 279 | 22 841 | 45 280 | 25 066 | 25 066 | 25 066 | 52 812 | 67 937 | 83 984 |

From the above table it can be seen that the cash and investments available total R37.5 million in the 2013/14 financial year and comes to R44 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2012/13 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2013/14 financial year no provision has been made for this liability as the total unspent conditional grant liability of R3 million has been factored into the 2013/14 capital programme of the Municipality. The Municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totalled (R3 million) for the 2013/14 financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2012/13 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Against other provisions an amount R3 million has been provided for the 2013/14 financial year and this increases to R4 million by 2014/15. This liability is informed by, amongst others, the supplementary pension liability.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2012/13 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2013/14 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

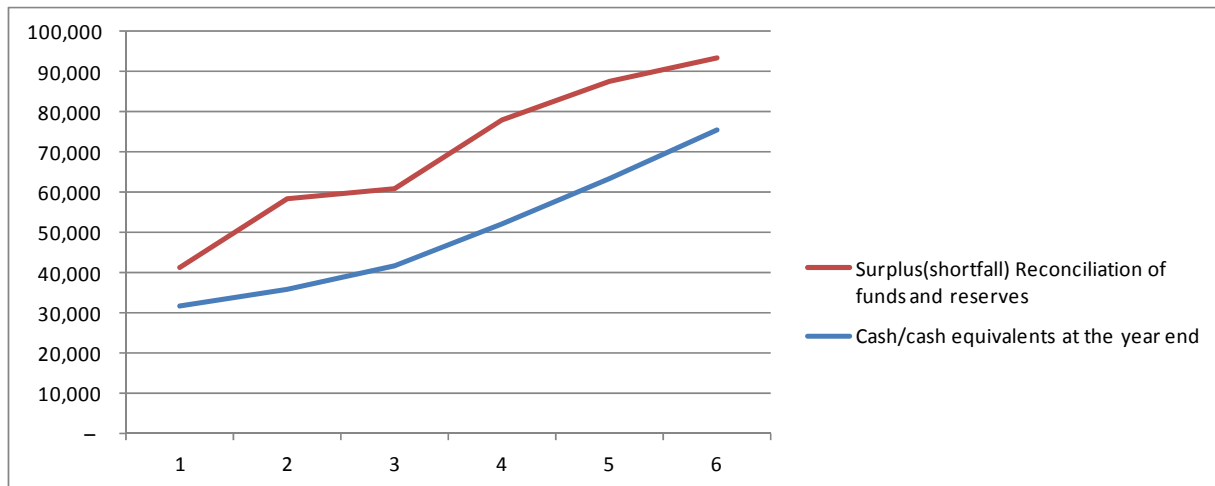


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

10.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement

| Description | MFMA section | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|--------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Funding measures | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 31 805 | 35 691 | 63 105 | 73 369 | 73 369 | 73 369 | 66 524 | 56 995 | 44 013 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 9 279 | 22 841 | 45 280 | 25 066 | 25 066 | 25 066 | 52 812 | 67 937 | 83 984 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 4.1 | 5.9 | 10.3 | 9.3 | 9.3 | 9.3 | 7.9 | 6.1 | 4.2 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 2 567 | 51 889 | 68 638 | 54 988 | 68 510 | 68 510 | 57 022 | 59 592 | 65 924 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | N.A. | (8.6%) | 2.8% | 16.3% | (6.0%) | (6.0%) | (8.5%) | (1.1%) | (0.8%) |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 68.9% | 69.0% | 73.5% | 68.5% | 68.5% | 68.5% | 85.0% | 86.4% | 85.3% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 90.1% | 28.2% | 8.2% | 6.2% | 6.2% | 6.2% | 6.4% | 6.4% | 6.4% |
| Capital payments % of capital expenditure | 18(1)c;19 | 45.7% | 76.6% | 61.2% | 70.9% | 103.4% | 103.4% | 108.9% | 111.8% | 113.6% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | | | | | | | 100.0% | 100.0% | 100.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | N.A. | (28.0%) | 96.6% | (8.8%) | 0.0% | 0.0% | 175.0% | 6.1% | 20.0% |
| Long term receivables % change - incr(decr) | 18(1)a | N.A. | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 6.0% | 4.9% | 7.1% | 7.6% | 6.7% | 6.7% | 7.2% | 7.4% | 7.3% |
| Asset renewal % of capital budget | 20(1)(vi) | 0.0% | 0.0% | 9.6% | 67.4% | 58.7% | 58.7% | 38.2% | 18.3% | 46.8% |
| % incr Service charges - refuse revenue | 18(1)a | | (6.4%) | 20.3% | 11.6% | 0.0% | 0.0% | 3.0% | 4.9% | 5.2% |
| % incr in Service charges - other | 18(1)a | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total billable revenue | 18(1)a | 35 298 | 34 385 | 37 407 | 45 708 | 45 708 | 45 708 | 44 560 | 46 743 | 49 174 |
| Service charges | | 35 112 | 34 199 | 37 203 | 45 518 | 45 518 | 45 518 | 44 370 | 46 544 | 48 964 |
| Property rates | | 22 210 | 20 844 | 21 219 | 27 046 | 27 046 | 27 046 | 25 764 | 27 026 | 28 431 |
| Service charges - electricity revenue | | 8 225 | 8 979 | 10 720 | 12 598 | 12 598 | 12 598 | 12 556 | 13 171 | 13 856 |
| Service charges - water revenue | | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | | - | - | - | - | - | - | - | - | - |
| Service charges - refuse removal | | 4 676 | 4 376 | 5 264 | 5 874 | 5 874 | 5 874 | 6 050 | 6 347 | 6 677 |
| Service charges - other | | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 186 | 187 | 204 | 190 | 190 | 190 | 190 | 199 | 210 |
| Capital expenditure excluding capital grant funding | | 3 549 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 |
| Cash receipts from ratepayers | 18(1)a | 28 087 | 29 308 | 41 576 | 41 801 | 41 801 | 41 801 | 39 044 | 40 949 | 42 544 |
| Ratepayer & Other revenue | 18(1)a | 40 781 | 42 449 | 56 541 | 61 054 | 61 054 | 61 054 | 45 935 | 47 399 | 49 864 |
| Change in consumer debtors (current and non-current) | | 186 | (2 597) | 6 469 | (1 164) | (1 164) | (1 164) | 21 000 | 2 000 | 7 000 |
| Operating and Capital Grant Revenue | 18(1)a | 87 684 | 102 339 | 97 874 | 107 751 | 120 713 | 120 713 | 112 638 | 130 214 | 161 822 |
| Capital expenditure - total | 20(1)(vi) | 43 113 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |
| Capital expenditure - renewal | 20(1)(vi) | - | - | 5 296 | 37 059 | 39 830 | 39 830 | 24 190 | 12 400 | 34 383 |
| Supporting benchmarks | | | | | | | | | | |
| Growth guideline maximum | | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| CPI guideline | | 4.3% | 3.9% | 4.6% | 5.0% | 5.0% | 5.0% | 5.4% | 5.6% | 5.4% |
| DoRA operating grants total MFY | | | | | | | | 77 830 | 94 350 | 123 491 |
| DoRA capital grants total MFY | | | | | | | | 29 347 | 32 980 | 35 313 |
| Provincial operating grants | | | | | | | | 2 951 | 2 884 | 3 018 |
| Provincial capital grants | | | | | | | | 2 510 | - | - |
| District Municipality grants | | | | | | | | - | - | - |
| Total gazetted/advised national, provincial and district grants | | | | | | | | 112 638 | 130 214 | 161 822 |
| Average annual collection rate (arrears inclusive) | | | | | | | | | | |

KZN291 Mandeni Supporting Table SA10 Funding measurement

| Description | MFMA section | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|--------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| DoRA operating | | | | | | | | | | |
| Local Government Equitable Share | | | | | | | | 74 290 | 90 567 | 119 471 |
| Finance Management | | | | | | | | 1 650 | 1 800 | 1 950 |
| Municipal Systems Improvement | | | | | | | | 890 | 934 | 967 |
| EPWP Incentive | | | | | | | | 1 000 | 1 049 | 1 104 |
| | | | | | | | | 77 830 | 94 350 | 123 491 |
| DoRA capital | | | | | | | | | | |
| Community Participation IDP (Prov.) | | | | | | | | 200 | – | – |
| Joint Project Funding (Prov.) | | | | | | | | 1 149 | 1 207 | 1 262 |
| Provincialization of Libraries | | | | | | | | 1 362 | 1 425 | 1 491 |
| Recapitalisation- Community Library | | | | | | | | 240 | 252 | 265 |
| | | | | | | | | 2 951 | 2 884 | 3 018 |
| Trend | | | | | | | | | | |
| Change in consumer debtors (current and non-current) | | 186 | (2 597) | 6 469 | (1 164) | 21 000 | 2 000 | – | – | – |
| Total Operating Revenue | | 129 410 | 146 790 | 156 697 | 131 700 | 134 700 | 134 700 | 128 716 | 146 731 | 178 580 |
| Total Operating Expenditure | | 127 167 | 111 739 | 109 405 | 131 700 | 134 090 | 134 090 | 134 981 | 154 914 | 186 052 |
| Operating Performance Surplus/(Deficit) | | 2 243 | 35 051 | 47 292 | 0 | 610 | 610 | (6 265) | (8 183) | (7 472) |
| Cash and Cash Equivalents (30 June 2012) | | | | | | | | 66 524 | | |
| Revenue | | | | | | | | | | |
| % Increase in Total Operating Revenue | | | 13.4% | 6.7% | (16.0%) | 2.3% | 0.0% | (4.4%) | 14.0% | 21.7% |
| % Increase in Property Rates Revenue | | | (6.7%) | 2.0% | 27.5% | 0.0% | 0.0% | (4.8%) | 4.9% | 5.2% |
| % Increase in Electricity Revenue | | | 9.2% | 19.4% | 17.5% | 0.0% | 0.0% | (0.3%) | 4.9% | 5.2% |
| % Increase in Property Rates & Services Charges | | | (2.6%) | 8.8% | 22.3% | 0.0% | 0.0% | (2.5%) | 4.9% | 5.2% |
| Expenditure | | | | | | | | | | |
| % Increase in Total Operating Expenditure | | | (12.1%) | (2.1%) | 20.4% | 1.8% | 0.0% | 0.7% | 14.8% | 20.1% |
| % Increase in Employee Costs | | | 15.5% | 17.9% | 24.9% | 0.0% | 0.0% | 4.2% | 5.4% | 5.8% |
| % Increase in Electricity Bulk Purchases | | | 34.4% | 23.9% | 27.9% | 0.0% | 0.0% | 8.4% | 4.9% | 5.2% |
| Average Cost Per Budgeted Employee Position (Remuneration) | | | | 233414.8043 | 291538.4352 | | | 159194.6739 | | |
| Average Cost Per Councillor (Remuneration) | | | | 235086.0881 | 234394.9743 | | | 265334.299 | | |
| R&M % of PPE | | 6.0% | 4.9% | 7.1% | 7.6% | 6.7% | 6.7% | 7.2% | 7.4% | 7.3% |
| Asset Renewal and R&M as a % of PPE | | 6.0% | 4.0% | 9.0% | 23.0% | 23.0% | 23.0% | 14.0% | 9.0% | 14.0% |
| Debt Impairment % of Total Billable Revenue | | 90.1% | 28.2% | 8.2% | 6.2% | 6.2% | 6.2% | 6.4% | 6.4% | 6.4% |
| Capital Revenue | | | | | | | | | | |
| Internally Funded & Other (R'000) | | 324 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 |
| Borrowing (R'000) | | – | – | – | – | – | – | – | – | – |
| Grant Funding and Other (R'000) | | 39 563 | 35 513 | 33 613 | 38 905 | 48 867 | 48 867 | 31 857 | 32 980 | 35 313 |
| Internally Generated funds % of Non Grant Funding | | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Borrowing % of Non Grant Funding | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grant Funding % of Total Funding | | 99.2% | 67.8% | 61.2% | 70.8% | 72.0% | 72.0% | 50.3% | 48.7% | 48.1% |
| Capital Expenditure | | | | | | | | | | |
| Total Capital Programme (R'000) | | 43 113 | 52 351 | 54 959 | 54 988 | 67 900 | 67 900 | 63 288 | 67 775 | 73 396 |
| Asset Renewal | | – | – | 5 296 | 37 059 | 39 830 | 39 830 | 24 190 | 12 400 | 34 383 |
| Asset Renewal % of Total Capital Expenditure | | 0.0% | 0.0% | 9.6% | 67.4% | 58.7% | 58.7% | 38.2% | 18.3% | 46.8% |
| Cash | | | | | | | | | | |
| Cash Receipts % of Rate Payer & Other | | 68.9% | 69.0% | 73.5% | 68.5% | 68.5% | 68.5% | 85.0% | 86.4% | 85.3% |
| Cash Coverage Ratio | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Borrowing | | | | | | | | | | |
| Credit Rating (2009/10) | | | | | | | | 0 | | |
| Capital Charges to Operating | | 0.2% | 0.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Borrowing Receipts % of Capital Expenditure | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Reserves | | | | | | | | | | |
| Surplus/(Deficit) | | 9 279 | 22 841 | 45 280 | 25 066 | 25 066 | 25 066 | 52 812 | 67 937 | 83 984 |
| Free Services | | | | | | | | | | |
| Free Basic Services as a % of Equitable Share | | 1.5% | 1.5% | 1.3% | 1.5% | 1.5% | 1.5% | 1.4% | 1.3% | 0.0% |
| Free Services as a % of Operating Revenue (excl operational transfers) | | 8.4% | 8.4% | 6.3% | 7.0% | 7.0% | 7.0% | 9.5% | 9.5% | 0.0% |

KZN291 Mandeni Supporting Table SA10 Funding measurement

| KZN297 Mandate Supporting Table SA6 Funding Measurement | | | | | | | | | | |
|---|--------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | MFMA section | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <u>High Level Outcome of Funding Compliance</u> | | | | | | | | | | |
| Total Operating Revenue | | 129 410 | 146 790 | 156 697 | 131 700 | 134 700 | 134 700 | 128 716 | 146 731 | 178 580 |
| Total Operating Expenditure | | 127 167 | 111 739 | 109 405 | 131 700 | 134 090 | 134 090 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) Budgeted Operating Statement | | 2 243 | 35 051 | 47 292 | 0 | 610 | 610 | (6 265) | (8 183) | (7 472) |
| Surplus/(Deficit) Considering Reserves and Cash Backing | | 11 522 | 57 893 | 92 573 | 25 066 | 25 676 | 25 676 | 46 547 | 59 754 | 76 512 |
| MT REF Funded (1) / Unfunded (0) | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| MTREF Funded ✓ / Unfunded ✖ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

10.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2013/14 MTREF shows R51 million, R63 million and R75 million for each respective financial year.

10.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 19, on page 30. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

10.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2008/09 to 2012/13, moving from 3.4 to 6.0 with the adopted 2012/13 MTREF. As part of the 2013/14 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

10.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

10.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2013/14 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 11.05 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

10.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

10.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been

appropriated at 6.4, 6.4 and 6.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

10.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

10.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 56.

10.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

10.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

10.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 50 MBRR SA34C on page 82.

10.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a

renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 49 MBRR SA34b on page 81.

10.7 Expenditure on grants and reconciliations of unspent funds

Table 37 MBRR SA19 - Expenditure on transfers and grant programmes

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| EXPENDITURE: | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | - | - | - | - | - | - | - | - | - |
| Local Government Equitable Share | | | | | | | | | |
| Finance Management | | | | | | | | | |
| Municipal Systems Improvement | | | | | | | | | |
| EPWP Incentive | | | | | | | | | |
| Other transfers/grants [insert description] | | | | | | | | | |
| Provincial Government: | - | - | - | - | - | - | - | - | - |
| Community Participation IDP (Prov.) | | | | | | | | | |
| Joint Project Funding (Prov.) | | | | | | | | | |
| Provincialization of Libraries | | | | | | | | | |
| Recapitalisation- Community Library | | | | | | | | | |
| Other transfers/grants [insert description] | | | | | | | | | |
| District Municipality: | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | |
| Other grant providers: | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | |
| Total operating expenditure of Transfers and Grants | - | - | - | - | - | - | - | - | - |
| Capital expenditure of Transfers and Grants | | | | | | | | | |
| National Government: | - | - | - | - | - | - | - | - | - |
| Municipal Infrastructure Grant (MIG) | | | | | | | | | |
| Neighbourhood Development Partnership | | | | | | | | | |
| Other capital transfers/grants [insert desc] | | | | | | | | | |
| Provincial Government: | - | - | - | - | - | - | - | - | - |
| Small towns rehabilitation | | | | | | | | | |
| District Municipality: | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | |
| Other grant providers: | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | |
| Total capital expenditure of Transfers and Grants | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | - | - | - | - | - | - | - | - | - |

Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Operating transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 41 834 | 51 442 | 59 056 | 67 309 | 67 309 | 67 309 | 77 830 | 94 350 | 123 491 |
| Conditions met - transferred to revenue | 41 834 | 51 442 | 59 056 | 67 309 | 67 309 | 67 309 | 77 830 | 94 350 | 123 491 |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 45 850 | 50 897 | 38 818 | 1 537 | 4 537 | 4 537 | 2 951 | 2 884 | 3 018 |
| Conditions met - transferred to revenue | 45 850 | 50 897 | 38 818 | 1 537 | 4 537 | 4 537 | 2 951 | 2 884 | 3 018 |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| District Municipality: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Other grant providers: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Total operating transfers and grants revenue | 87 684 | 102 339 | 97 874 | 68 846 | 71 846 | 71 846 | 80 781 | 97 234 | 126 509 |
| Total operating transfers and grants - CTBM | - | - | - | - | - | - | - | - | - |
| Capital transfers and grants: | | | | | | | | | |
| National Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 15 356 | 24 139 | 33 613 | 37 189 | 47 151 | 47 151 | 29 347 | 32 980 | 35 313 |
| Conditions met - transferred to revenue | 15 356 | 24 139 | 33 613 | 37 189 | 47 151 | 47 151 | 29 347 | 32 980 | 35 313 |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Provincial Government: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | 24 208 | 11 374 | - | 1 716 | 1 716 | 1 716 | 2 510 | - | - |
| Conditions met - transferred to revenue | 24 208 | 11 374 | - | 1 716 | 1 716 | 1 716 | 2 510 | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| District Municipality: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Other grant providers: | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | |
| Current year receipts | | | | | | | | | |
| Conditions met - transferred to revenue | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | | | | | | | | |
| Total capital transfers and grants revenue | 39 563 | 35 513 | 33 613 | 38 905 | 48 867 | 48 867 | 31 857 | 32 980 | 35 313 |
| Total capital transfers and grants - CTBM | - | - | - | - | - | - | - | - | - |
| TOTAL TRANSFERS AND GRANTS REVENUE | 127 247 | 137 853 | 131 487 | 107 751 | 120 713 | 120 713 | 112 638 | 130 214 | 161 822 |
| TOTAL TRANSFERS AND GRANTS - CTBM | - | - | - | - | - | - | - | - | - |

10.8 Councillor and employee benefits

Table 39 MBRR SA22 - Summary of councillor and staff benefits

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits

| Summary of Employee and Councillor remuneration R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| | A | B | C | D | E | F | G | H | I |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | |
| Basic Salaries and Wages | 4,038 | 4,543 | 4,573 | 5,629 | 5,629 | 5,629 | 6,205 | 6,540 | 6,919 |
| Pension and UIF Contributions | | | | | | | 757 | 798 | 845 |
| Medical Aid Contributions | | | | | | | | | |
| Motor Vehicle Allowance | 851 | 1,002 | 1,022 | 1,268 | 1,268 | 1,268 | 1,317 | 1,388 | 1,469 |
| Cellphone Allowance | 313 | 335 | 334 | 384 | 384 | 384 | 376 | 397 | 420 |
| Housing Allowances | 315 | 334 | 282 | 356 | 356 | 356 | 366 | 386 | 408 |
| Other benefits and allowances | | | | | | | | | |
| Sub Total - Councillors | 5,517 | 6,214 | 6,211 | 7,637 | 7,637 | 7,637 | 9,021 | 9,509 | 10,060 |
| % increase | | 12.6% | (0.0%) | 23.0% | - | - | 18.1% | 5.4% | 5.8% |
| Senior Managers of the Municipality | | | | | | | | | |
| Basic Salaries and Wages | - | - | - | 3,031 | 3,031 | 3,031 | 3,754 | 3,957 | 4,186 |
| Pension and UIF Contributions | - | - | - | 251 | 251 | 251 | 258 | 272 | 288 |
| Medical Aid Contributions | - | - | - | 135 | 135 | 135 | 135 | 142 | 150 |
| Overtime | - | - | - | - | - | - | - | - | - |
| Performance Bonus | - | - | - | 214 | 214 | 214 | 266 | 280 | 296 |
| Motor Vehicle Allowance | - | - | - | 924 | 924 | 924 | 924 | 974 | 1,030 |
| Cellphone Allowance | - | - | - | 77 | 77 | 77 | 77 | 82 | 86 |
| Housing Allowances | - | - | - | 76 | 76 | 76 | 76 | 80 | 84 |
| Other benefits and allowances | | | | | | | | | |
| Payments in lieu of leave | | | | | | | | | |
| Long service awards | | | | | | | | | |
| Post-retirement benefit obligations | | | | | | | | | |
| Sub Total - Senior Managers of Municipality | - | - | - | 4,707 | 4,707 | 4,707 | 5,489 | 5,786 | 6,121 |
| % increase | | - | - | - | - | - | 16.6% | 5.4% | 5.8% |
| Other Municipal Staff | | | | | | | | | |
| Basic Salaries and Wages | 17,797 | 17,083 | 17,728 | 27,100 | 27,100 | 27,100 | 28,163 | 29,684 | 31,406 |
| Pension and UIF Contributions | 2,604 | 2,966 | 3,113 | 3,333 | 3,333 | 3,333 | 2,583 | 2,722 | 2,880 |
| Medical Aid Contributions | 1,247 | 1,490 | 1,649 | 2,114 | 2,114 | 2,114 | 1,364 | 1,437 | 1,521 |
| Overtime | 225 | 437 | 751 | 179 | 179 | 179 | 107 | 113 | 119 |
| Performance Bonus | | | | | | | | | |
| Motor Vehicle Allowance | 1,643 | 1,854 | 2,064 | 3,594 | 3,594 | 3,594 | 5,256 | 5,539 | 5,861 |
| Cellphone Allowance | 121 | 164 | 190 | 152 | 152 | 152 | 152 | 160 | 169 |
| Housing Allowances | 158 | 135 | 137 | 219 | 219 | 219 | 219 | 230 | 244 |
| Other benefits and allowances | | | | | | | | | |
| Payments in lieu of leave | - | - | - | - | - | - | - | - | - |
| Long service awards | - | 452 | - | - | - | - | - | - | - |
| Post-retirement benefit obligations | - | 494 | - | - | - | - | - | - | - |
| Sub Total - Other Municipal Staff | 23,794 | 25,074 | 25,632 | 36,691 | 36,691 | 36,691 | 37,842 | 39,886 | 42,199 |
| % increase | | 5.4% | 2.2% | 43.1% | - | - | 3.1% | 5.4% | 5.8% |
| Total Parent Municipality | 29,311 | 31,288 | 31,843 | 49,035 | 49,035 | 49,035 | 52,353 | 55,180 | 58,381 |
| | | 6.7% | 1.8% | 54.0% | - | - | 6.8% | 5.4% | 5.8% |
| Total Municipal Entities | - | - | - | - | - | - | - | - | - |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 29,311 | 31,288 | 31,843 | 49,035 | 49,035 | 49,035 | 52,353 | 55,180 | 58,381 |
| % increase | | 6.7% | 1.8% | 54.0% | - | - | 6.8% | 5.4% | 5.8% |
| TOTAL MANAGERS AND STAFF | 23,794 | 25,074 | 25,632 | 41,398 | 41,398 | 41,398 | 43,332 | 45,672 | 48,320 |

Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

| Disclosure of Salaries, Allowances & Benefits 1. | Ref | No. | Salary | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
|--|------|-----|------------|---------------|------------|---------------------|------------------|---------------|
| Rand per annum | | | | 1. | | | | 2. |
| Councillors | 3 | | | | | | | |
| Speaker | 4 | | 508,356 | 26,545 | 47,401 | | | 582,302 |
| Chief Whip | | | 195,312 | 20,004 | 35,721 | | | 251,037 |
| Executive Mayor | | | 630,732 | 25,691 | 45,877 | | | 702,300 |
| Deputy Executive Mayor | | | 273,667 | 33,025 | 58,973 | | | 365,664 |
| Executive Committee | | | 1,368,333 | 165,124 | 294,864 | | | 1,828,321 |
| Total for all other councillors | | | 3,970,617 | 487,073 | 834,052 | | | 5,291,742 |
| Total Councillors | 8 | - | 6,947,018 | 757,461 | 1,316,887 | | | 9,021,366 |
| Senior Managers of the Municipality | 5 | | | | | | | |
| Municipal Manager (MM) | | | 719,088 | 11,260 | 215,400 | 50,336 | | 996,085 |
| Chief Finance Officer | | | 686,940 | 11,260 | 152,340 | 48,086 | | 898,626 |
| Director Corporate Services | | | 686,940 | 11,260 | 152,340 | 48,086 | | 898,626 |
| Director Technical Services | | | 686,940 | 11,260 | 152,340 | 48,086 | | 898,626 |
| Director Development Planning | | | 686,940 | 11,260 | 152,340 | 48,086 | | 898,626 |
| Director Community Services | | | 686,940 | 11,260 | 152,340 | 48,086 | | 898,626 |
| <i>List of each official with packages >= senior manager</i> | | | | | | | | |
| Total Senior Managers of the Municipality | 8,10 | - | 4,153,788 | 67,563 | 977,100 | 290,765 | | 5,489,216 |
| A Heading for Each Entity | 6,7 | | | | | | | |
| List each member of board by designation | | | | | | | | |
| Total for municipal entities | 8,10 | - | - | - | - | - | | - |
| | | | | | | | | |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | 10 | - | 11,100,806 | 825,023 | 2,293,987 | 290,765 | | 14,510,582 |

Table 41 MBRR SA24 – Summary of personnel numbers

| Summary of Personnel Numbers Number | Ref | 2010/11 | | | Current Year 2011/12 | | | Budget Year 2012/13 | | |
|---|-----|------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| | | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | | 32 | 32 | | 34 | 34 | | 34 | 34 | |
| Board Members of municipal entities | 4 | | | | | | | | | |
| Municipal employees | 5 | | | | | | | | | |
| Municipal Manager and Senior Managers | 3 | 4 | 4 | | 4 | 4 | | 5 | 4 | |
| Other Managers | 7 | 7 | 7 | | 7 | 7 | | 11 | 7 | |
| Professionals | | 5 | 5 | – | 5 | 5 | – | 29 | 13 | – |
| Finance | | | | | | | | 5 | 3 | |
| Spatial/town planning | | | | | | | | 3 | 2 | |
| Information Technology | | | | | | | | | | |
| Roads | | | | | | | | 1 | 1 | |
| Electricity | | | | | | | | 1 | 1 | |
| Water | | | | | | | | | | |
| Sanitation | | | | | | | | | | |
| Refuse | | | | | | | | | | |
| Other | | 5 | 5 | | 5 | 5 | | 19 | 6 | |
| Technicians | | 6 | 6 | – | 6 | 6 | – | 31 | 27 | – |
| Finance | | | | | | | | 10 | 6 | |
| Spatial/town planning | | | | | | | | | | |
| Information Technology | | | | | | | | | | |
| Roads | | | | | | | | | | |
| Electricity | | | | | | | | 2 | 1 | |
| Water | | | | | | | | | | |
| Sanitation | | | | | | | | | | |
| Refuse | | | | | | | | | | |
| Other | | 6 | 6 | | 6 | 6 | | 19 | 14 | |
| Clerks (Clerical and administrative) | | 34 | 34 | | 34 | 34 | | 63 | 39 | |
| Service and sales workers | | 25 | 25 | | 25 | 25 | | 46 | 29 | |
| Skilled agricultural and fishery workers | | | | | | | | | | |
| Craft and related trades | | | | | | | | | | |
| Plant and Machine Operators | | 48 | 48 | | 48 | 48 | | 21 | 14 | |
| Elementary Occupations | | 13 | 13 | | 13 | 13 | | 65 | 25 | |
| TOTAL PERSONNEL NUMBERS | | 174 | 174 | – | 176 | 176 | – | 305 | 186 | – |
| % Increase | | | | | 1.1% | 1.1% | – | 73.3% | 5.7% | – |
| Total municipal employees headcount | 6 | | | | | | | | | |
| Finance personnel headcount | 8 | | | | | | | | | |
| Human Resources personnel headcount | 8 | | | | | | | | | |

10.9 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

| Description R thousand | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | | 2 531 | 2 531 | 2 531 | 2 531 | 2 531 | 2 531 | 2 531 | 2 531 | 2 531 | 2 531 | – | 25 314 | 26 554 | 27 935 |
| Property rates - penalties & collection charges | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 450 | 472 | 497 |
| Service charges - electricity revenue | 1 046 | 1 046 | 1 046 | 1 046 | 1 046 | 1 046 | 1 046 | 1 046 | 1 046 | 1 046 | 1 046 | 1 046 | 12 556 | 13 171 | 13 856 |
| Service charges - water revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | 504 | 504 | 504 | 504 | 504 | 504 | 504 | 504 | 504 | 504 | 504 | 504 | 6 050 | 6 347 | 6 677 |
| Service charges - other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 190 | 199 | 210 |
| Interest earned - external investments | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2 000 | 2 098 | 2 207 |
| Interest earned - outstanding debtors | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Dividends received | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 55 | 58 | 61 |
| Licences and permits | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 250 | 262 | 276 |
| Agency services | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfers recognised - operational | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 80 781 | 97 234 | 126 509 |
| Other revenue | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 1 071 | 336 | 354 |
| Gains on disposal of PPE | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and | 8 617 | 11 148 | 11 148 | 11 148 | 11 148 | 11 148 | 11 148 | 11 148 | 11 148 | 11 148 | 11 148 | 8 617 | 128 716 | 146 731 | 178 580 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 43 142 | 45 471 | 48 109 |
| Remuneration of councillors | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 9 021 | 9 509 | 10 060 |
| Debt impairment | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 2 842 | 2 981 | 3 136 |
| Depreciation & asset impairment | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2 000 | 2 675 | 2 808 |
| Finance charges | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Bulk purchases | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 10 084 | 10 578 | 11 128 |
| Other materials | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 13 966 | 14 650 | 15 412 |
| Contracted services | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 14 290 | 16 041 | 16 689 |
| Transfers and grants | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 39 637 | 53 009 | 78 710 |
| Loss on disposal of PPE | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Total Expenditure | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) | (2 632) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (2 632) | (6 265) | (8 183) | (7 472) |
| Transfers recognised - capital | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 31 857 | 35 313 |
| Contributions recognised - capital | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Contributed assets | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 23 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 31 454 | 57 022 | 59 592 | 65 924 |
| Taxation | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Attributable to minorities | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) | 23 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 2 555 | 31 454 | 57 022 | 59 592 | 65 924 |

Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

| Description R thousand | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Revenue by Vote | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 6 478 | 7 790 | 8 113 |
| Vote 2 - Budget and Terasury | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 93 647 | 109 740 | 139 755 |
| Vote 3 - Corporate Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Community and Social Services | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 1 667 | 1 745 | 1 828 |
| Vote 5 - Sport and Recreation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | 13 | 13 |
| Vote 6 - Public Safety | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 344 | 361 | 380 |
| Vote 7 - Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Planning and Development | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 300 | 315 | 331 |
| Vote 10 - Environmental Protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - Road transport | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - Waste Management | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 10 387 | 10 896 | 11 463 |
| Vote 13 - Electricity | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 15 880 | 15 872 | 16 697 |
| Vote 14 - [NAME OF VOTE 14] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 128 716 | 146 731 | 178 580 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 23 434 | 24 649 | 26 015 |
| Vote 2 - Budget and Terasury | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 18 860 | 33 610 | 59 888 |
| Vote 3 - Corporate Services | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 11 824 | 12 434 | 13 119 |
| Vote 4 - Community and Social Services | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 9 449 | 9 932 | 10 470 |
| Vote 5 - Sport and Recreation | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 584 | 614 | 648 |
| Vote 6 - Public Safety | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 10 537 | 12 123 | 12 591 |
| Vote 7 - Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Planning and Development | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 19 954 | 20 705 | 22 148 |
| Vote 10 - Environmental Protection | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 5 907 | 6 209 | 6 547 |
| Vote 11 - Road transport | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 9 341 | 9 177 | 8 359 |
| Vote 12 - Waste Management | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 11 919 | 11 640 | 11 719 |
| Vote 13 - Electricity | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 13 173 | 13 823 | 14 547 |
| Vote 14 - [NAME OF VOTE 14] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) before assoc. | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (6 265) | (8 183) | (7 472) |
| Tax ation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Attributable to minorities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (6 265) | (8 183) | (7 472) |

Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

| Description | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | | | | | | | |
| Revenue - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 8 344 | 8 344 | 8 344 | 8 344 | 8 344 | 8 344 | 8 344 | 8 344 | 8 344 | 8 344 | 8 344 | 8 344 | 100 125 | 117 529 | 147 869 |
| Executive and council | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 540 | 6 478 | 7 790 | 8 113 |
| Budget and treasury office | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 7 804 | 93 647 | 109 740 | 139 755 |
| Corporate services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 2 023 | 2 119 | 2 221 |
| Community and social services | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 1 667 | 1 745 | 1 828 |
| Sport and recreation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | 13 | 13 |
| Public safety | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 344 | 361 | 380 |
| Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 300 | 315 | 331 |
| Planning and development | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 300 | 315 | 331 |
| Road transport | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | 2 189 | 2 189 | 2 189 | 2 189 | 2 189 | 2 189 | 2 189 | 2 189 | 2 189 | 2 189 | 2 189 | 2 189 | 26 268 | 26 768 | 28 160 |
| Electricity | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 1 323 | 15 880 | 15 872 | 16 697 |
| Water | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 866 | 10 387 | 10 896 | 11 463 |
| <i>Other</i> | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue - Standard | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 10 726 | 128 716 | 146 731 | 178 580 |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 4 510 | 4 510 | 4 510 | 4 510 | 4 510 | 4 510 | 4 510 | 4 510 | 4 510 | 4 510 | 4 510 | 4 510 | 54 118 | 70 693 | 99 022 |
| Executive and council | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 1 953 | 23 434 | 24 649 | 26 015 |
| Budget and treasury office | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 1 572 | 18 860 | 33 610 | 59 888 |
| Corporate services | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 11 824 | 12 434 | 13 119 |
| <i>Community and public safety</i> | 1 714 | 1 714 | 1 714 | 1 714 | 1 714 | 1 714 | 1 714 | 1 714 | 1 714 | 1 714 | 1 714 | 1 714 | 20 570 | 22 669 | 23 709 |
| Community and social services | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 9 449 | 9 932 | 10 470 |
| Sport and recreation | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 584 | 614 | 648 |
| Public safety | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 878 | 10 537 | 12 123 | 12 591 |
| Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | 2 933 | 2 933 | 2 933 | 2 933 | 2 933 | 2 933 | 2 933 | 2 933 | 2 933 | 2 933 | 2 933 | 2 933 | 35 202 | 36 090 | 37 054 |
| Planning and development | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 1 663 | 19 954 | 20 705 | 22 148 |
| Road transport | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 778 | 9 341 | 9 177 | 8 359 |
| Environmental protection | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 5 907 | 6 209 | 6 547 |
| <i>Trading services</i> | 2 091 | 2 091 | 2 091 | 2 091 | 2 091 | 2 091 | 2 091 | 2 091 | 2 091 | 2 091 | 2 091 | 2 091 | 25 092 | 25 462 | 26 266 |
| Electricity | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 1 098 | 13 173 | 13 823 | 14 547 |
| Water | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste water management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 993 | 11 919 | 11 640 | 11 719 |
| <i>Other</i> | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Standard | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 134 981 | 154 914 | 186 052 |
| Surplus/(Deficit) before assoc. | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (6 265) | (8 183) | (7 472) |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (522) | (6 265) | (8 183) | (7 472) |

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

| Description R thousand | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---|------------------------|------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Multi-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 129 | - | - |
| Vote 2 - Budget and Terasury | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 120 | - | - |
| Vote 3 - Corporate Services | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 500 | - | - |
| Vote 4 - Community and Social Services | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 1 000 | 4 800 | 4 150 |
| Vote 5 - Sport and Recreation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Public Safety | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Planning and Development | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 5 612 | 17 170 | - |
| Vote 10 - Environmental Protection | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 440 | 1 435 | - |
| Vote 11 - Road transport | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 52 887 | 39 120 | 69 246 |
| Vote 12 - Waste Management | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 | 1 000 | - |
| Vote 13 - Electricity | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2 000 | 4 250 | - |
| Vote 14 - [NAME OF VOTE 14] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 63 288 | 67 775 | 73 396 |
| Single-year expenditure to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Budget and Terasury | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Corporate Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Community and Social Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Sport and Recreation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Public Safety | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Health | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Planning and Development | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - Environmental Protection | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - Road transport | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - Waste Management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - Electricity | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 63 288 | 67 775 | 73 396 |

Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

| Description R thousand | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|---|------------------------|------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | (168) | 749 | - | - |
| Executive and council | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | (788) | 129 | - | - |
| Budget and treasury office | - | - | - | - | - | - | - | - | - | - | - | 120 | 120 | - | - |
| Corporate services | - | - | - | - | - | - | - | - | - | - | - | 500 | 500 | - | - |
| <i>Community and public safety</i> | 9 823 | 9 823 | 9 823 | 9 823 | 9 823 | 9 823 | 9 823 | 9 823 | 9 823 | 9 823 | 9 823 | (107 055) | 1 000 | 4 800 | 4 150 |
| Community and social services | - | - | - | - | - | - | - | - | - | - | - | 1 000 | 1 000 | 4 800 | 4 150 |
| Sport and recreation | 4 912 | 4 912 | 4 912 | 4 912 | 4 912 | 4 912 | 4 912 | 4 912 | 4 912 | 4 912 | 4 912 | (54 027) | - | - | - |
| Public safety | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | 468 | (5 144) | - | - | - |
| Housing | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | 4 407 | (48 480) | - | - | - |
| Health | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | (403) | - | - | - |
| <i>Economic and environmental services</i> | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 57 106 | 58 939 | 57 725 | 69 246 |
| Planning and development | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 3 779 | 5 612 | 17 170 | - |
| Road transport | - | - | - | - | - | - | - | - | - | - | - | 52 887 | 52 887 | 39 120 | 69 246 |
| Environmental protection | - | - | - | - | - | - | - | - | - | - | - | 440 | 440 | 1 435 | - |
| <i>Trading services</i> | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | (55 414) | 2 600 | 5 250 | - |
| Electricity | - | - | - | - | - | - | - | - | - | - | - | 2 000 | 2 000 | 4 250 | - |
| Water | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | (58 014) | - | - | - |
| Waste water management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | - | - | - | - | - | - | - | - | - | - | - | 600 | 600 | 1 000 | - |
| <i>Other</i> | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 15 347 | 15 347 | 15 347 | 15 347 | 15 347 | 15 347 | 15 347 | 15 347 | 15 347 | 15 347 | 15 347 | (105 531) | 63 288 | 67 775 | 73 396 |

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Cash Receipts By Source | | | | | | | | | | | | | 1 | | |
| Property rates | | ##### | 2 152 | 2 152 | 2 152 | 2 152 | 2 152 | 2 152 | 2 152 | 2 152 | 2 152 | – | 21 516 | 22 940 | 23 834 |
| Property rates - penalties & collection charges | 31 874.36 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 382 | 408 | 424 |
| Service charges - electricity revenue | 889 | 889 | 889 | 889 | 889 | 889 | 889 | 889 | 889 | 889 | 889 | 889 | 10 672 | 11 379 | 11 822 |
| Service charges - water revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | 429 | 429 | 429 | 429 | 429 | 429 | 429 | 429 | 429 | 429 | 429 | 429 | 5 142 | 5 483 | 5 696 |
| Service charges - other | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 190 | 199 | 210 |
| Interest earned - external investments | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2 000 | 2 098 | 2 207 |
| Interest earned - outstanding debtors | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Dividends received | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 55 | 58 | 61 |
| Licences and permits | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 250 | 262 | 276 |
| Agency services | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Transfer receipts - operational | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 6 732 | 80 781 | 97 234 | 126 509 |
| Other revenue | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 89 | 1 071 | 336 | 354 |
| Cash Receipts by Source | 8 379 | 10 530 | 10 530 | 10 530 | 10 530 | 10 530 | 10 530 | 10 530 | 10 530 | 10 530 | 10 530 | 8 379 | 122 060 | 140 397 | 171 392 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 2 655 | 31 857 | 32 980 | 35 313 |
| Contributions recognised - capital & Contributed assets | | | | | | | | | | | | | – | | |
| Proceeds on disposal of PPE | | | | | | | | | | | | | – | | |
| Short term loans | | | | | | | | | | | | | – | | |
| Borrowing long term/refinancing | | | | | | | | | | | | | – | | |
| Increase (decrease) in consumer deposits | | | | | | | | | | | | | – | | |
| Decrease (increase) in non-current debtors | | | | | | | | | | | | | – | | |
| Decrease (increase) other non-current receivables | | | | | | | | | | | | | – | | |
| Decrease (increase) in non-current investments | | | | | | | | | | | | | – | | |
| Total Cash Receipts by Source | 11 033 | 13 185 | 13 185 | 13 185 | 13 185 | 13 185 | 13 185 | 13 185 | 13 185 | 13 185 | 13 185 | 11 033 | 153 917 | 173 377 | 206 705 |

| MONTHLY CASH FLOWS R thousand | Budget Year 2013/14 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 3 595 | 43 142 | 45 471 | 48 109 |
| Remuneration of councillors | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 752 | 9 021 | 9 509 | 10 060 |
| Finance charges | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 237 | 2 842 | 2 981 | 3 136 |
| Bulk purchases - Electricity | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2 000 | 2 675 | 2 808 |
| Bulk purchases - Water & Sewer | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other materials | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 840 | 10 084 | 10 578 | 11 128 |
| Contracted services | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 1 164 | 13 966 | 14 650 | 15 412 |
| Transfers and grants - other municipalities | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 1 191 | 14 290 | 16 041 | 16 689 |
| Transfers and grants - other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 3 303 | 39 637 | 53 009 | 78 710 |
| Cash Payments by Type | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 11 248 | 134 981 | 154 914 | 186 052 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 5 274 | 63 288 | 67 775 | 73 396 |
| Repayment of borrowing | | | | | | | | | | | | - | | | |
| Other Cash Flow s/Payments | | | | | | | | | | | | - | | | |
| Total Cash Payments by Type | 16 522 | 16 522 | 16 522 | 16 522 | 16 522 | 16 522 | 16 522 | 16 522 | 16 522 | 16 522 | 16 522 | 16 522 | 198 269 | 222 689 | 259 448 |
| NET INCREASE/(DECREASE) IN CASH HELD | (5 489) | (3 337) | (3 337) | (3 337) | (3 337) | (3 337) | (3 337) | (3 337) | (3 337) | (3 337) | (3 337) | (5 489) | (44 352) | (49 313) | (52 743) |
| Cash/cash equivalents at the month/year begin: | 63 105 | 57 616 | 54 278 | 50 941 | 47 604 | 44 266 | 40 929 | 37 591 | 34 254 | 30 917 | 27 579 | 24 242 | 63 105 | 18 753 | (30 560) |
| Cash/cash equivalents at the month/year end: | 57 616 | 54 278 | 50 941 | 47 604 | 44 266 | 40 929 | 37 591 | 34 254 | 30 917 | 27 579 | 24 242 | 18 753 | 18 753 | (30 560) | (83 303) |

10.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

10.11 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class

| Description R thousand | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | - | - | 33,613 | - | 8,692 | 8,692 | 31,835 | 36,758 | 35,313 |
| Infrastructure - Road transport | - | - | 33,613 | - | 8,692 | 8,692 | 31,835 | 36,758 | 35,313 |
| Roads, Pavements & Bridges | - | - | 33,613 | - | 8,692 | 8,692 | 31,835 | 36,758 | 35,313 |
| Storm water | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | - | - | - | - | - | - | - | - | - |
| Generation | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | - | - | - | - | - | - | - | - | - |
| Street Lighting | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - |
| Water purification | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - |
| Sewerage purification | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | - | - | - | - | - | - | - | - | - |
| Waste Management | - | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - |
| Gas | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Community | - | - | - | - | - | - | 3,322 | 4,722 | 3,100 |
| Parks & gardens | - | - | - | - | - | - | - | 500 | 600 |
| Sportsfields & stadia | - | - | - | - | - | - | 3,022 | 1,222 | - |
| Swimming pools | - | - | - | - | - | - | 300 | 3,000 | 2,500 |
| Community halls | - | - | - | - | - | - | - | - | - |
| Libraries | - | - | - | - | - | - | - | - | - |
| Recreational facilities | - | - | - | - | - | - | - | - | - |
| Fire, safety & emergency | - | - | - | - | - | - | - | - | - |
| Security and policing | - | - | - | - | - | - | - | - | - |
| Buses | - | - | - | - | - | - | - | - | - |
| Clinics | - | - | - | - | - | - | - | - | - |
| Museums & Art Galleries | - | - | - | - | - | - | - | - | - |
| Cemeteries | - | - | - | - | - | - | - | - | - |
| Social rental housing | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Housing development | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | 6,399 | 7,849 | 6,824 | 3,941 | 22,145 | 5,250 |
| General vehicles | - | - | - | 1,025 | 1,025 | - | 900 | 2,600 | - |
| Specialised vehicles | - | - | - | 1,400 | 1,400 | 1,400 | - | 8,250 | 4,650 |
| Plant & equipment | - | - | - | 1,010 | 1,110 | 1,110 | 1,920 | 11,275 | - |
| Computers - hardware/equipment | - | - | - | 263 | 1,563 | 1,563 | 337 | 10 | - |
| Furniture and other office equipment | - | - | - | 230 | 280 | 280 | 784 | 10 | 600 |
| Abattoirs | - | - | - | - | - | - | - | - | - |
| Markets | - | - | - | 1,716 | 1,716 | 1,716 | - | - | - |
| Civic Land and Buildings | - | - | - | - | - | - | - | - | - |
| Other Buildings | - | - | - | - | - | - | - | - | - |
| Other Land | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | 755 | 755 | 755 | - | - | - |
| Agricultural assets | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | |
| Biological assets | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Computers - software & programming | - | - | - | - | - | - | - | - | - |
| Other (list sub-class) | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure on new assets | - | - | 33,613 | 6,399 | 16,541 | 15,516 | 39,098 | 63,625 | 43,663 |
| Specialised vehicles | - | - | - | 1,400 | 1,400 | 1,400 | - | 8,250 | 4,650 |
| Refuse | - | - | - | 1,400 | 1,400 | 1,400 | - | 8,250 | 4,650 |
| Fire | - | - | - | - | - | - | - | - | - |
| Conservancy | - | - | - | - | - | - | - | - | - |
| Ambulances | - | - | - | - | - | - | - | - | - |

Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | - | - | - | - | - | - | 32,629 | 20,069 | (457) |
| Infrastructure - Road transport | - | - | - | - | - | - | 30,659 | 19,849 | (2,177) |
| Roads, Pavements & Bridges | - | - | - | - | - | - | 30,659 | 19,849 | (2,177) |
| Storm water | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | - | - | - | - | - | - | 1,970 | 220 | 1,720 |
| Generation | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | - | - | - | - | - | - | 1,970 | 220 | 1,720 |
| Street Lighting | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | - | - | - | - | - | - | - | - | - |
| Water purification | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | - | - | - | - | - | - | - | - | - |
| Reticulation | - | - | - | - | - | - | - | - | - |
| Sewerage purification | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | - | - | - | - | - | - | - | - | - |
| Waste Management | - | - | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - | - | - |
| Gas | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Community | - | - | - | - | - | - | 1,450 | 1,050 | - |
| Parks & gardens | - | - | - | - | - | - | 100 | - | - |
| Sportsfields & stadia | - | - | - | - | - | - | 150 | - | - |
| Swimming pools | - | - | - | - | - | - | - | - | - |
| Community halls | - | - | - | - | - | - | 500 | 500 | - |
| Libraries | - | - | - | - | - | - | 200 | - | - |
| Recreational facilities | - | - | - | - | - | - | - | - | - |
| Fire, safety & emergency | - | - | - | - | - | - | - | - | - |
| Security and policing | - | - | - | - | - | - | - | - | - |
| Buses | - | - | - | - | - | - | - | - | - |
| Clinics | - | - | - | - | - | - | - | - | - |
| Museums & Art Galleries | - | - | - | - | - | - | - | - | - |
| Cemeteries | - | - | - | - | - | - | - | - | - |
| Social rental housing | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | 500 | 550 | - |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Housing development | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | 2,980 | 5,580 | 5,100 |
| General vehicles | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Plant & equipment | - | - | - | - | - | - | 550 | 100 | 100 |
| Computers - hardware/equipment | - | - | - | - | - | - | 100 | 50 | - |
| Furniture and other office equipment | - | - | - | - | - | - | 330 | 180 | - |
| Abattoirs | - | - | - | - | - | - | - | - | - |
| Markets | - | - | - | - | - | - | - | - | - |
| Civic Land and Buildings | - | - | - | - | - | - | 2,000 | 5,000 | 5,000 |
| Other Buildings | - | - | - | - | - | - | - | - | - |
| Other Land | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | 250 | - |
| Agricultural assets | - | - | - | - | - | - | - | - | - |
| List sub-class | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| List sub-class | - | - | - | - | - | - | - | - | - |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Computers - software & programming | - | - | - | - | - | - | - | - | - |
| Other (list sub-class) | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure on renewal of existing | - | - | - | - | - | - | 37,059 | 26,699 | 4,643 |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Refuse | - | - | - | - | - | - | - | - | - |
| Fire | - | - | - | - | - | - | - | - | - |
| Conservancy | - | - | - | - | - | - | - | - | - |
| Ambulances | - | - | - | - | - | - | - | - | - |
| Renewal of Existing Assets as % of total capex | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 48.7% | 29.6% | 9.6% |
| Renewal of Existing Assets as % of deprecn | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 1853.0% | 998.0% | 165.3% |

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | |
| Infrastructure | 7,620 | 7,820 | 12,420 | 13,738 | 10,338 | 10,338 | 12,466 | 13,114 | 13,843 |
| Infrastructure - Road transport | 7,132 | 7,342 | 11,555 | 12,738 | 9,738 | 9,738 | 11,466 | 12,065 | 12,739 |
| Roads, Pavements & Bridges | 3,087 | 2,565 | 6,623 | 5,700 | 2,700 | 2,700 | 4,100 | 4,301 | 4,525 |
| Storm water | 4,045 | 4,778 | 4,932 | 7,038 | 7,038 | 7,038 | 7,366 | 7,764 | 8,214 |
| Infrastructure - Electricity | 488 | 477 | 865 | 1,000 | 600 | 600 | 1,000 | 1,049 | 1,104 |
| Generation | 488 | 477 | 865 | 1,000 | 600 | 600 | 1,000 | 1,049 | 1,104 |
| Transmission & Reticulation | | | | | | | | | |
| Street Lighting | | | | | | | | | |
| Infrastructure - Water | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | | | | | | | | | |
| Water purification | | | | | | | | | |
| Reticulation | | | | | | | | | |
| Infrastructure - Sanitation | - | - | - | - | - | - | - | - | - |
| Reticulation | | | | | | | | | |
| Sewerage purification | | | | | | | | | |
| Infrastructure - Other | - | - | - | - | - | - | - | - | - |
| Waste Management | | | | | | | | | |
| Transportation | | | | | | | | | |
| Gas | | | | | | | | | |
| Other | | | | | | | | | |
| Community | 742 | 736 | 826 | 1,230 | 2,130 | 2,130 | 3,280 | 3,441 | 3,620 |
| Parks & gardens | 513 | 633 | 721 | 1,000 | 1,900 | 1,900 | 3,000 | 3,147 | 3,311 |
| Sportsfields & stadia | | | | | | | | | |
| Swimming pools | | | | | | | | | |
| Community halls | | | | | | | | | |
| Libraries | | | | | | | | | |
| Recreational facilities | | | | | | | | | |
| Fire, safety & emergency | 229 | 103 | 105 | 230 | 230 | 230 | 280 | 294 | 309 |
| Security and policing | | | | | | | | | |
| Buses | | | | | | | | | |
| Clinics | | | | | | | | | |
| Museums & Art Galleries | | | | | | | | | |
| Cemeteries | | | | | | | | | |
| Social rental housing | | | | | | | | | |
| Other | | | | | | | | | |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Buildings | | | | | | | | | |
| Other | | | | | | | | | |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Housing development | | | | | | | | | |
| Other | | | | | | | | | |
| Other assets | 2,774 | 1,654 | 1,867 | 3,593 | 3,693 | 3,693 | 5,586 | 5,859 | 6,164 |
| General vehicles | | | | | | | | | |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Plant & equipment | 732 | 552 | 881 | 890 | 1,390 | 1,390 | 1,380 | 1,448 | 1,523 |
| Computers - hardware/equipment | | | | | | | | | |
| Furniture and other office equipment | 692 | 458 | 330 | 641 | 641 | 641 | 1,931 | 2,025 | 2,131 |
| Abattoirs | | | | | | | | | |
| Markets | | | | | | | | | |
| Civic Land and Buildings | 849 | 290 | 415 | 1,220 | 820 | 820 | 940 | 986 | 1,037 |
| Other Buildings | | | | | | | | | |
| Other Land | | | | | | | | | |
| Surplus Assets - (Investment or Inventory) | | | | | | | | | |
| Other | 501,495.60 | 354,351.13 | 240,546.04 | 842 | 842 | 842 | 1,334,684.00 | 1,400 | 1,473 |
| Agricultural assets | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | |
| Biological assets | - | - | - | - | - | - | - | - | - |
| List sub-class | | | | | | | | | |
| Intangibles | - | - | - | - | - | - | - | - | - |
| Computers - software & programming | | | | | | | | | |
| Other (list sub-class) | | | | | | | | | |
| Total Repairs and Maintenance Expenditure | 11,136 | 10,210 | 15,112 | 18,561 | 16,161 | 16,161 | 21,332 | 22,414 | 23,626 |
| Specialised vehicles | - | - | - | - | - | - | - | - | - |
| Refuse | | | | | | | | | |
| Fire | | | | | | | | | |
| Conservancy | | | | | | | | | |
| Ambulances | | | | | | | | | |
| R&M as a % of PPE | 6.0% | 4.9% | 6.8% | 7.6% | 6.7% | 6.7% | 7.4% | 7.4% | 7.3% |
| R&M as % Operating Expenditure | 9.0% | 9.3% | 15.8% | 14.1% | 12.1% | 12.1% | 15.8% | 14.5% | 12.7% |

Table 51 MBRR SA35 - Future financial implications of the capital budget

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget

| Vote Description R thousand | 2013/14 Medium Term Revenue & Expenditure Framework | | | Forecasts | | | |
|--|---|---------------------------|---------------------------|---------------------|---------------------|---------------------|------------------|
| | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 | Forecast 2016/17 | Forecast 2017/18 | Forecast 2018/19 | Present value |
| Capital expenditure | | | | | | | |
| Vote 1 - Executive and Council | 129 | - | - | | | | |
| Vote 2 - Budget and Terasury | 120 | - | - | | | | |
| Vote 3 - Corporate Services | 500 | - | - | | | | |
| Vote 4 - Community and Social Services | 1,000 | 4,800 | 4,150 | | | | |
| Vote 5 - Sport and Recreation | - | - | - | | | | |
| Vote 6 - Public Safety | - | - | - | | | | |
| Vote 7 - Housing | - | - | - | | | | |
| Vote 8 - Health | - | - | - | | | | |
| Vote 9 - Planning and Development | 10,612 | 22,170 | - | | | | |
| Vote 10 - Environmental Protection | 440 | 1,435 | - | | | | |
| Vote 11 - Road transport | 52,887 | 39,120 | 69,246 | | | | |
| Vote 12 - Waste Management | 600 | 1,000 | - | | | | |
| Vote 13 - Electricity | 2,000 | 4,250 | - | | | | |
| Vote 14 - [NAME OF VOTE 14] | - | - | - | | | | |
| Vote 15 - [NAME OF VOTE 15] | - | - | - | | | | |
| <i>List entity summary if applicable</i> | | | | | | | |
| Total Capital Expenditure | 68,288 | 72,775 | 73,396 | - | - | - | - |
| Future operational costs by vote | | | | | | | |
| Vote 1 - Executive and Council | | | | | | | |
| Vote 2 - Budget and Terasury | | | | | | | |
| Vote 3 - Corporate Services | | | | | | | |
| Vote 4 - Community and Social Services | | | | | | | |
| Vote 5 - Sport and Recreation | | | | | | | |
| Vote 6 - Public Safety | | | | | | | |
| Vote 7 - Housing | | | | | | | |
| Vote 8 - Health | | | | | | | |
| Vote 9 - Planning and Development | | | | | | | |
| Vote 10 - Environmental Protection | | | | | | | |
| Vote 11 - Road transport | | | | | | | |
| Vote 12 - Waste Management | | | | | | | |
| Vote 13 - Electricity | | | | | | | |
| Vote 14 - [NAME OF VOTE 14] | | | | | | | |
| Vote 15 - [NAME OF VOTE 15] | | | | | | | |
| <i>List entity summary if applicable</i> | | | | | | | |
| Total future operational costs | - | - | - | - | - | - | - |
| Future revenue by source | | | | | | | |
| Property rates | | | | | | | |
| Property rates - penalties & collection charges | | | | | | | |
| Service charges - electricity revenue | | | | | | | |
| Service charges - water revenue | | | | | | | |
| Service charges - sanitation revenue | | | | | | | |
| Service charges - refuse revenue | | | | | | | |
| Service charges - other | | | | | | | |
| Rental of facilities and equipment | | | | | | | |
| <i>List other revenues sources if applicable</i> | | | | | | | |
| <i>List entity summary if applicable</i> | | | | | | | |
| Total future revenue | - | - | - | - | - | - | - |
| Net Financial Implications | 68,288 | 72,775 | 73,396 | - | - | - | - |

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget

| Municipal Vote/Capital project | Program/Project description | Project number | IDP Goal code 2 | Individually Approved (Yes/No) | Asset Class | Asset Sub-Class | GPS co-ordinates | Total Project Estimate | Prior year outcomes | | 2013/14 Medium Term Revenue & Expenditure Framework | | | Project Information | |
|--|--|----------------|-----------------|--------------------------------|--------------|--------------------------------------|------------------|------------------------|-------------------------|---|---|------------------------|------------------------|---------------------|----------------|
| R thousand | | | | 6 | 3 | 3 | 5 | | Audited Outcome 2011/12 | Current Year 2012/13 Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 | Ward location | New or renewal |
| Parent municipality: <i>List all capital projects grouped by Municipal Vote</i> | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | | | | | | | | | | | | | | | |
| | 2x laptop | 5 | | No | Other Assets | Computers - hardware/equipment | | | | | 20 | | | | |
| | 2 laptops (interns) | 6 | | No | Other Assets | Computers - hardware/equipment | | | | | 16 | | | | |
| | 1 laptop (CAE) | 7 | | No | Other Assets | Computers - hardware/equipment | | | | | 8 | | | | |
| | printer | 8 | | No | Other Assets | Computers - hardware/equipment | | | | | 5 | | | | |
| | 1 Printer(specialised printer) | 9 | | No | Other Assets | Computers - hardware/equipment | | | | | 8 | | | | |
| | PA system | 10 | | No | Other Assets | Furniture and other office equipment | | | | | 20 | | | | |
| | Loud hailers | 11 | | No | Other Assets | Furniture and other office equipment | | | | | 10 | | | | |
| | Camera | 12 | | No | Other Assets | Furniture and other office equipment | | | | | 10 | | | | |
| | Office Desk | 13 | | No | Other Assets | Furniture and other office equipment | | | | | 2 | | | | |
| | Office Desks | 3 | | No | Other Assets | Furniture and other office equipment | | | | | 30 | | | | |
| Vote 2 - Budget and Terasury | | | | | | | | | | | | | | | |
| | 4 x Laptop | 14 | | No | Other Assets | Computers - hardware/equipment | | | | | 60 | | | | |
| | 5 x Computers | 15 | | No | Other Assets | Computers - hardware/equipment | | | | | 40 | | | | |
| | 2 x L-shape Desks | 16 | | No | Other Assets | Furniture and other office equipment | | | | | 20 | | | | |
| Vote 3 - Corporate Services | | | | | | | | | | | | | | | |
| | Serv er upgrade | 17 | | No | Other Assets | Computers - hardware/equipment | | | | | 100 | | | | |
| | Biometric access control | 18 | | No | Other Assets | Computers - hardware/equipment | | | | | 300 | | | | |
| | Furniture | 19 | | No | Other Assets | Furniture and other office equipment | | | | | 100 | | | | |
| Vote 4 - Community and Social Services | | | | | | | | | | | | | | | |
| | Swimming pool | 31 | | No | Community | Swimming pools | | | | | 300 | 3 000 | 2 500 | | |
| | Pool vacuum | 32 | | No | Other Assets | Plant & equipment | | | | | 100 | | | | |
| | Establish cricket ground | 33 | | No | Community | Sportsfields & stadia | | | | | | 500 | 600 | | |
| | Upgrade tennis court | 34 | | No | Community | Sportsfields & stadia | | | | | 100 | | | | |
| | Combo Goal Posts Sport field | 35 | | No | Community | Sportsfields & stadia | | | | | 100 | 100 | 200 | | |
| | Laptops | 36 | | No | Other Assets | Computers - hardware/equipment | | | | | 35 | | | | |
| | Printers | 37 | | No | Other Assets | Computers - hardware/equipment | | | | | 15 | | | | |
| | Acoustics instillation - Sibusisiwe hall | 38 | | No | Community | Community halls | | | | | | 1 000 | | | |
| | Mobile Libraries | 39 | | No | Other Assets | Furniture and other office equipment | | | | | 100 | 200 | 250 | | |
| | Library counter | 40 | | No | Other Assets | Furniture and other office equipment | | | | | | 100 | | | |
| | Library Cupboards | 41 | | No | Other Assets | Furniture and other office equipment | | | | | 250 | | 600 | | |
| Vote 5 - Sport and Recreation | | | | | | | | | | | | | | | |
| Vote 6 - Public Safety | | | | | | | | | | | | | | | |
| Vote 7 - Housing | | | | | | | | | | | | | | | |
| Vote 8 - Health | | | | | | | | | | | | | | | |

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| | | | | | | | | | | | | | | |
|---|-------------------------------------|-----|----|------------------------------|-----------------------------|--|--|--|---|--------|--------|--------|--------|--|
| Vote 12 - Waste Management | Skips (Communal Bins) | 130 | No | Other Assets | Plant & equipment | | | | | 500 | 500 | | | |
| | Wood chipper | 131 | No | Other Assets | Plant & equipment | | | | | | 200 | | | |
| | Wheelie bins & street bins | 132 | No | Other Assets | Plant & equipment | | | | | 200 | 300 | | | |
| Vote 13 - Electricity | Refurbish 11kv overhead power line | 133 | No | Infrastructure - Electricity | Transmission & Reticulation | | | | | 1 000 | - | | | |
| | Pre-paid electricity Metering | 134 | No | Infrastructure - Electricity | Transmission & Reticulation | | | | | 750 | - | | | |
| | Increase the NMD on Mandini License | 135 | No | Infrastructure - Electricity | Transmission & Reticulation | | | | | - | 1 500 | | | |
| | Fencing of sub-stations | 136 | No | Infrastructure - Electricity | Transmission & Reticulation | | | | | - | - | | | |
| | Streetlighting (new) | 137 | No | Infrastructure - Electricity | Street Lighting | | | | | 250 | 2 500 | | | |
| | Fault finding machine | 138 | No | Other Assets | Plant & equipment | | | | | - | 250 | | | |
| Parent Capital expenditure | | | | | | | | | | 63 288 | 59 525 | 78 396 | | |
| Entities: | | | | | | | | | | | | | | |
| List all capital projects grouped by Entity | | | | | | | | | | | | | | |
| Entity A | | | | | | | | | | | | | | |
| Water project A | | | | | | | | | | | | | | |
| Entity B | | | | | | | | | | | | | | |
| Electricity project B | | | | | | | | | | | | | | |
| Entity Capital expenditure | | | | | | | | | - | - | - | - | - | |
| Total Capital expenditure | | | | | | | | | - | - | 63 288 | 59 525 | 78 396 | |

10.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

10.13 Other supporting documents

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | |
| Property rates | | | | | | | | | |
| Total Property Rates | 21 914 | 20 451 | 20 866 | 30 870 | 30 870 | 30 870 | 25 314 | 26 554 | 27 935 |
| <i>less Revenue Foregone</i> | | | | 4 274 | 4 274 | 4 274 | | | |
| Net Property Rates | 21 914 | 20 451 | 20 866 | 26 596 | 26 596 | 26 596 | 25 314 | 26 554 | 27 935 |
| Service charges - electricity revenue | | | | | | | | | |
| Total Service charges - electricity revenue | 8 225 | 8 979 | 10 720 | 12 598 | 12 598 | 12 598 | 12 556 | 13 171 | 13 856 |
| <i>less Revenue Foregone</i> | | | | | | | | | |
| Net Service charges - electricity revenue | 8 225 | 8 979 | 10 720 | 12 598 | 12 598 | 12 598 | 12 556 | 13 171 | 13 856 |
| Service charges - water revenue | | | | | | | | | |
| Total Service charges - water revenue | | | | | | | | | |
| <i>less Revenue Foregone</i> | | | | | | | | | |
| Net Service charges - water revenue | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | | | | | | | | | |
| Total Service charges - sanitation revenue | | | | | | | | | |
| <i>less Revenue Foregone</i> | | | | | | | | | |
| Net Service charges - sanitation revenue | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | | | | | | | | | |
| Total refuse removal revenue | 4 676 | 4 376 | 5 264 | 5 874 | 5 874 | 5 874 | 6 050 | 6 347 | 6 677 |
| Total landfill revenue | | | | | | | | | |
| <i>less Revenue Foregone</i> | | | | | | | | | |
| Net Service charges - refuse revenue | 4 676 | 4 376 | 5 264 | 5 874 | 5 874 | 5 874 | 6 050 | 6 347 | 6 677 |
| Other Revenue by source | | | | | | | | | |
| <i>Tender fees</i> | - | 44 | 42 | 20 | 20 | 20 | 20 | 21 | 22 |
| <i>Town Planning Fees</i> | - | - | - | 100 | 100 | 100 | 100 | 105 | 110 |
| <i>Building Plan Fees</i> | 25 | 97 | 29 | 50 | 50 | 50 | 50 | 52 | 55 |
| <i>Photocopy Charges</i> | 34 | 23 | 26 | 20 | 20 | 20 | 20 | 21 | 22 |
| <i>Sundry Income</i> | 763 | 575 | 319 | 9 721 | 9 721 | 9 721 | - | - | - |
| <i>VAT Refund</i> | 2 364 | 5 537 | 5 067 | 5 000 | 5 000 | 5 000 | - | - | - |
| <i>Fire Services</i> | - | - | - | 21 | 21 | 21 | 21 | 22 | 24 |
| <i>Entrance Fees - Swimming Pool</i> | 13 | 12 | 9 | 12 | 12 | 12 | 12 | 13 | 13 |
| <i>Connection Fees</i> | 20 | 30 | 4 | 57 | 57 | 57 | 807 | 60 | 63 |
| <i>Reconnection Fees</i> | 76 | 77 | 10 | 17 | 17 | 17 | 17 | 18 | 19 |
| <i>Other</i> | 17 | 26 | 13 535 | 23 | 23 | 23 | 23 | 24 | 25 |
| Total 'Other' Revenue | 3 313 | 6 421 | 19 040 | 15 042 | 15 042 | 15 042 | 1 071 | 336 | 354 |

**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance
(Continued)**

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & | | | |
|---|--------|---------|---------|---------|----------------------|----------|-----------|-------------------------------|-------------|-------------|-------------|
| | | Audited | Audited | Audited | Original | Adjusted | Full Year | Pre-audit | Budget Year | Budget Year | Budget Year |
| R thousand | | | | | | | | | | | |
| | | | | | | | | | | | |
| EXPENDITURE ITEMS: | | | | | | | | | | | |
| <u>Employee related costs</u> | | | | | | | | | | | |
| Basic Salaries and Wages | 17 797 | 18 998 | 20 203 | 30 131 | 30 131 | 30 131 | 32 275 | 34 018 | 35 991 | | |
| Pension and UIF Contributions | 2 604 | 3 177 | 3 197 | 3 584 | 3 584 | 3 584 | 2 845 | 2 998 | 3 172 | | |
| Medical Aid Contributions | 1 247 | 1 490 | 1 649 | 2 249 | 2 249 | 2 249 | 1 516 | 1 597 | 1 690 | | |
| Overtime | 225 | 437 | 751 | 179 | 179 | 179 | 107 | 113 | 119 | | |
| Performance Bonus | – | – | – | 214 | 214 | 214 | 263 | 277 | 293 | | |
| Motor Vehicle Allowance | 1 643 | 2 757 | 2 883 | 4 518 | 4 518 | 4 518 | 5 625 | 5 929 | 6 272 | | |
| Cellphone Allowance | 121 | 164 | 190 | 229 | 229 | 229 | 220 | 232 | 245 | | |
| Housing Allowances | 158 | 135 | 137 | 295 | 295 | 295 | 292 | 308 | 325 | | |
| Other benefits and allowances | | | | | | | | | | | |
| Payments in lieu of leave | – | – | – | – | – | – | – | – | – | | |
| Long service awards | 438 | 494 | 4 757 | – | – | – | – | – | – | | |
| Post-retirement benefit obligations | 100 | 452 | (622) | – | – | – | – | – | – | | |
| sub-total | 24 332 | 28 103 | 33 145 | 41 398 | 41 398 | 41 398 | 43 142 | 45 471 | 48 109 | | |
| <u>Less: Employees costs capitalised to PPE</u> | | | | | | | | | | | |
| Total Employee related costs | 24 332 | 28 103 | 33 145 | 41 398 | 41 398 | 41 398 | 43 142 | 45 471 | 48 109 | | |
| <u>Contributions recognised - capital</u> | | | | | | | | | | | |
| List contributions by contract | 324 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 | | |
| | | | | | | | | | | | |
| Total Contributions recognised - capital | 324 | 16 838 | 21 345 | 16 083 | 19 033 | 19 033 | 31 431 | 34 795 | 38 083 | | |
| <u>Depreciation & asset impairment</u> | | | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | 3 778 | 17 507 | 15 360 | 18 256 | 18 256 | 18 256 | 15 497 | 16 172 | 16 305 | | |
| Lease amortisation | | | | | | | | | | | |
| Capital asset impairment | | | | | | | | | | | |
| Depreciation resulting from revaluation of PPE | | | | 13 497 | 13 497 | 13 497 | 13 497 | 13 497 | 13 497 | | |
| Total Depreciation & asset impairment | 3 778 | 17 507 | 15 360 | 4 759 | 4 759 | 4 759 | 2 000 | 2 675 | 2 808 | | |
| <u>Bulk purchases</u> | | | | | | | | | | | |
| Electricity Bulk Purchases | 4 367 | 5 868 | 7 269 | 9 300 | 9 300 | 9 300 | 10 084 | 10 578 | 11 128 | | |
| Water Bulk Purchases | | | | | | | | | | | |
| Total bulk purchases | 4 367 | 5 868 | 7 269 | 9 300 | 9 300 | 9 300 | 10 084 | 10 578 | 11 128 | | |
| <u>Transfers and grants</u> | | | | | | | | | | | |
| Cash transfers and grants | – | – | – | – | – | – | – | – | – | | |
| Non-cash transfers and grants | – | – | – | – | – | – | – | – | – | | |
| Total transfers and grants | – | – | – | – | – | – | – | – | – | | |
| <u>Contracted services</u> | | | | | | | | | | | |
| Security - Alarms/Cash in Transit | 153 | 122 | 95 | 160 | 160 | 160 | 160 | 168 | 177 | | |
| Security Services Contractor | 1 254 | 1 803 | 2 166 | 2 200 | 2 200 | 2 200 | 2 200 | 2 308 | 2 428 | | |
| Disaster Management- Outsourced | – | – | – | – | – | – | 2 410 | 3 579 | 3 579 | | |
| Contractors - Refuse | 5 217 | 7 053 | 7 171 | 8 654 | 8 154 | 8 154 | 9 519 | 9 986 | 10 505 | | |
| | | | | | | | | | | | |
| sub-total | 6 623 | 8 978 | 9 432 | 11 014 | 10 514 | 10 514 | 14 290 | 16 041 | 16 689 | | |
| <u>Allocations to organs of state:</u> | | | | | | | | | | | |
| Electricity | | | | | | | | | | | |
| Water | | | | | | | | | | | |
| Sanitation | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Total contracted services | 6 623 | 8 978 | 9 432 | 11 014 | 10 514 | 10 514 | 14 290 | 16 041 | 16 689 | | |

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & | | |
|---|-----|---------|---------|---------|----------------------|----------|-----------|-----------|-------------------------------|-------------|-------------|
| | | Audited | Audited | Audited | Original | Adjusted | Full Year | Pre-audit | Budget Year | Budget Year | Budget Year |
| R thousand | | | | | | | | | | | |
| | | | | | | | | | | | |
| EXPENDITURE ITEMS: | | | | | | | | | | | |
| <u>Employee related costs</u> | | | | | | | | | | | |
| Basic Salaries and Wages | 2 | 15,815 | 17,797 | 19,901 | 25,729 | 27,111 | 27,111 | 27,111 | 30,131 | 31,758 | 33,600 |
| Pension and UIF Contributions | | 2,476 | 2,642 | 3,177 | 3,215 | 3,450 | 3,450 | 3,450 | 3,584 | 3,777 | 3,996 |
| Medical Aid Contributions | | 1,065 | 1,247 | 1,490 | 1,570 | 1,676 | 1,676 | 1,676 | 2,249 | 2,371 | 2,508 |
| Overtime | | 258 | 225 | 437 | 187 | 204 | 204 | 204 | 179 | 189 | 200 |
| Performance Bonus | | 194 | – | – | 364 | 364 | 364 | 364 | 214 | 226 | 239 |
| Motor Vehicle Allowance | | 1,533 | 1,643 | 1,854 | 2,248 | 2,393 | 2,393 | 2,393 | 4,518 | 4,762 | 5,038 |
| Cellphone Allowance | | 104 | 121 | 164 | 221 | 233 | 233 | 233 | 229 | 241 | 255 |
| Housing Allowances | | 212 | 158 | 135 | 224 | 256 | 256 | 256 | 295 | 311 | 329 |
| Other benefits and allowances | | | | | | | | | | | |
| Payments in lieu of leave | | | | | – | – | – | – | – | – | – |
| Long service awards | | – | – | 452 | – | – | – | – | – | – | – |
| Post-retirement benefit obligations | 4 | – | – | 494 | – | – | – | – | – | – | – |
| sub-total | 5 | 21,656 | 23,832 | 28,103 | 33,757 | 35,687 | 35,687 | 35,687 | 41,398 | 43,634 | 46,165 |
| <u>Less: Employees costs capitalised to PPE</u> | | | | | | | | | | | |
| Total Employee related costs | 1 | 21,656 | 23,832 | 28,103 | 33,757 | 35,687 | 35,687 | 35,687 | 41,398 | 43,634 | 46,165 |
| <u>Contributions recognised - capital</u> | | | | | | | | | | | |
| List contributions by contract | | 13,008 | 15,356 | 11,509 | 21,152 | 21,152 | 21,152 | 21,152 | 25,659 | 27,067 | 28,632 |
| | | – | 3,225 | 11,961 | 12,000 | 27,000 | 27,000 | 27,000 | – | 8,000 | 7,062 |
| | | 1,350 | – | – | – | 1,716 | 1,716 | 1,716 | 1,716 | – | – |
| | | 1,800 | – | – | – | – | – | – | – | – | – |
| | | 1,370 | 24,208 | 5,876 | 29,487 | 29,487 | 29,487 | 29,487 | – | – | – |
| | | 230 | – | – | – | – | – | – | – | – | – |
| Total Contributions recognised - capital | | 17,758 | 42,789 | 29,346 | 62,639 | 79,355 | 79,355 | 79,355 | 27,375 | 35,067 | 35,694 |
| <u>Depreciation & asset impairment</u> | | | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | | – | 3,778 | 17,507 | 3,307 | 3,307 | 3,307 | 3,307 | 4,759 | 5,593 | 5,912 |
| Lease amortisation | | | | | | | | | | | |
| Capital asset impairment | | | | | | | | | | | |
| Depreciation resulting from revaluation of PPE | 10 | | | | | | | | | | |
| Total Depreciation & asset impairment | 1 | – | 3,778 | 17,507 | 3,307 | 3,307 | 3,307 | 3,307 | 4,759 | 5,593 | 5,912 |
| <u>Bulk purchases</u> | | | | | | | | | | | |
| Electricity Bulk Purchases | | 3,351 | 4,367 | 5,868 | 7,586 | 7,586 | 7,586 | 7,586 | 9,300 | 9,802 | 10,371 |
| Water Bulk Purchases | | | | | | | | | | | |
| Total bulk purchases | 1 | 3,351 | 4,367 | 5,868 | 7,586 | 7,586 | 7,586 | 7,586 | 9,300 | 9,802 | 10,371 |
| <u>Transfers and grants</u> | | | | | | | | | | | |
| Cash transfers and grants | | 3,394 | 46,614 | 13,596 | 7,944 | 7,944 | 7,944 | 7,944 | 5,032 | 6,356 | 7,058 |
| Non-cash transfers and grants | | – | – | – | – | – | – | – | – | – | – |
| Total transfers and grants | 1 | 3,394 | 46,614 | 13,596 | 7,944 | 7,944 | 7,944 | 7,944 | 5,032 | 6,356 | 7,058 |
| <u>Contracted services</u> | | | | | | | | | | | |
| Security - Alarms/Cash in Transit | | 169 | 153 | 122 | 160 | 160 | 160 | 160 | 160 | 169 | 179 |
| Security Services Contractor | | 719 | 1,254 | 1,803 | 1,950 | 2,250 | 2,250 | 2,250 | 2,200 | 2,319 | 2,453 |
| Contractors - Refuse | | 4,720 | 5,217 | 7,053 | 7,867 | 7,867 | 7,867 | 7,867 | 8,654 | 9,121 | 9,650 |
| sub-total | 1 | 5,608 | 6,623 | 8,978 | 9,978 | 10,278 | 10,278 | 10,278 | 11,014 | 11,609 | 12,282 |
| Allocations to organs of state: | | | | | | | | | | | |
| Electricity | | | | | | | | | | | |
| Water | | | | | | | | | | | |
| Sanitation | | | | | | | | | | | |
| Other | | | | | | | | | | | |
| Total contracted services | | 5,608 | 6,623 | 8,978 | 9,978 | 10,278 | 10,278 | 10,278 | 11,014 | 11,609 | 12,282 |

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|-------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |

R thousand

Other Expenditure By Type

| | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Collection costs | 361 | 146 | 142 | - | - | - | - | - | - |
| Contributions to 'other' provisions | 1 306 | 103 | 926 | 60 | 60 | 60 | - | - | - |
| Consultant fees | 930 | 1 006 | 418 | 800 | 2 350 | 2 350 | 600 | 629 | 662 |
| Audit fees | 1 364 | 1 563 | 1 921 | 1 900 | 1 900 | 1 900 | 2 450 | 2 570 | 2 704 |
| General expenses | 4 419 200.02 | 5 791 991.53 | 6 051 003.48 | 6 751 744.10 | 6 791 744.10 | 6 791 744.10 | 5 891 330.22 | 6 315 305.40 | 6 770 301.28 |
| <i>Grant and subsidies expenditure</i> | 28 989 | 13 177 | 5 789 | 5 032 | 8 032 | 8 032 | 6 841 | 7 244 | 7 645 |
| <i>Lease Vehicles</i> | 850 | 766 | 778 | 1 200 | 1 200 | 1 200 | 1 320 | 1 385 | 1 457 |
| <i>Ward Committees</i> | 60 | 140 | 290 | 100 | 100 | 100 | 1 836 | 1 926 | 2 026 |
| <i>Public Participation</i> | 18 | 524 | 423 | 655 | 1 455 | 1 455 | 2 000 | 2 098 | 2 207 |
| <i>Training and Development</i> | 329 | 641 | 731 | 1 007 | 1 007 | 1 007 | 1 177 | 1 235 | 1 299 |
| <i>Telephone</i> | 1 173 | 1 154 | 1 158 | 1 512 | 1 512 | 1 512 | 1 506 | 1 580 | 1 662 |
| <i>Fuel & Oil</i> | 771 | 1 020 | 1 407 | 1 800 | 1 700 | 1 700 | 2 300 | 2 413 | 2 538 |
| <i>Subsistence & Travelling</i> | 533 | 466 | 748 | 700 | 700 | 700 | 949 | 996 | 1 048 |
| <i>Advertising - Statutory</i> | 168 | 204 | 179 | 500 | 500 | 500 | 560 | 587 | 618 |
| <i>Special programmes</i> | 142 | 191 | 516 | 550 | 650 | 650 | 1 840 | 1 930 | 2 031 |
| <i>Traffic and Law Enforcement Programme</i> | - | 0 | 1 | - | - | - | 450 | 472 | 497 |
| <i>Sports and Recreation</i> | 330 | 359 | 361 | 400 | 400 | 400 | 700 | 734 | 772 |
| <i>Plans and Frameworks</i> | - | - | - | 212 | 212 | 212 | 1 800 | 1 250 | - |
| <i>Siyaya Development Coastal Plan</i> | - | - | 0 | 53 | 53 | 53 | 1 350 | 552 | 55 |
| <i>Shared Service District Town Planning</i> | - | (0) | 503 | 883 | 883 | 883 | 971 | 748 | 1 097 |
| <i>LED Programmes</i> | 6 | 22 | 101 | 1 000 | 1 000 | 1 000 | 2 800 | 2 937 | 3 090 |
| <i>Youth programmes</i> | 262 | 102 | 76 | 318 | 318 | 318 | 400 | 420 | 441 |
| <i>Aids Awareness Campaign</i> | 34 | 51 | 305 | 400 | 300 | 300 | 330 | 346 | 364 |
| <i>Insurances - General</i> | 237 | 447 | 19 | 300 | 300 | 300 | 450 | 472 | 497 |
| <i>Licences- Software</i> | - | - | 98 | 200 | 200 | 200 | 600 | 629 | 662 |
| <i>Printing & Stationery</i> | 250 | 327 | 399 | 476 | 476 | 476 | 515 | 540 | 568 |
| <i>Contributions to CRR</i> | 338 | 1 121 | - | 16 083 | 16 083 | 16 083 | - | 13 000 | 38 000 |
| Total 'Other' Expenditure | 42 871 | 29 322 | 23 340 | 42 894 | 48 184 | 48 184 | 39 637 | 53 009 | 78 710 |

Repairs and Maintenance

| | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Employee related costs | 4 136 | 4 778 | 5 635 | 7 038 | 7 038 | 7 038 | 7 334 | 7 730 | 8 178 |
| Other materials | 2 067 273.97 | 1 225 | 1 625 129.83 | 3 292 | 2 492 | 2 492 | 3 555 | 3 729 | 3 923 |
| Contracted Services | 5 024 | 4 207 | 8 556 | 8 231 | 6 631 | 6 631 | 10 411 | 10 921 | 11 489 |
| Other Expenditure | - | - | - | - | - | - | - | - | - |
| Total Repairs and Maintenance Expenditure | 11 227 | 10 210 | 15 815 | 18 561 | 16 161 | 16 161 | 21 300 | 22 380 | 23 590 |

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

| Description | Vote 1 - Executive and Council | Vote 2 - Budget and Terasury | Vote 3 - Corporate Services | Vote 4 - Community and Social Services | Vote 5 - Sport and Recreation | Vote 6 - Public Safety | Vote 7 - Housing | Vote 8 - Health | Vote 9 - Planning and Development | Vote 10 - Environment al Protection | Vote 11 - Road transport | Vote 12 - Waste Management | Vote 13 - Electricity | Vote 14 - [NAME OF VOTE 14] | Vote 15 - [NAME OF VOTE 15] | Total |
|--|--------------------------------------|------------------------------------|-----------------------------------|---|-------------------------------------|---------------------------|---------------------|--------------------|--|---|--------------------------------|----------------------------------|--------------------------|-----------------------------------|-----------------------------------|----------------|
| R thousand | | | | | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | | |
| Property rates | - | 25 314 | - | - | - | - | - | - | - | - | - | - | - | | | 25 314 |
| Property rates - penalties & collection charges | - | 450 | - | - | - | - | - | - | - | - | - | - | - | | | 450 |
| Service charges - electricity revenue | - | - | - | - | - | - | - | - | - | - | - | - | 12 556 | | | 12 556 |
| Service charges - water revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Service charges - sanitation revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Service charges - refuse revenue | - | - | - | - | - | - | - | - | - | - | 6 050 | - | - | | | 6 050 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Rental of facilities and equipment | - | - | - | 40 | - | - | - | - | 150 | - | - | - | - | | | 190 |
| Interest earned - external investments | - | 2 000 | - | - | - | - | - | - | - | - | - | - | - | | | 2 000 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Dividends received | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Fines | - | - | - | 5 | - | 50 | - | - | - | - | - | - | - | | | 55 |
| Licences and permits | - | - | - | - | - | 250 | - | - | - | - | - | - | - | | | 250 |
| Agency services | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Other revenue | - | 20 | - | 20 | 12 | 44 | - | - | 150 | - | - | - | 824 | | | 1 071 |
| Transfers recognised - operational | 6 478 | 65 864 | - | 1 602 | - | - | - | - | - | - | - | 4 337 | 2 500 | | | 80 781 |
| Gains on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Total Revenue (excluding capital transfers and contributions) | 6 478 | 93 647 | - | 1 667 | 12 | 344 | - | - | 300 | - | - | 10 387 | 15 880 | - | - | 128 716 |
| Expenditure By Type | | | | | | | | | | | | | | | | |
| Employee related costs | 4 362 | 8 367 | 6 100 | 4 711 | 313 | 3 769 | - | - | 8 936 | 2 456 | 3 235 | - | 893 | | | 43 142 |
| Remuneration of councillors | 9 021 | - | - | - | - | - | - | - | - | - | - | - | - | | | 9 021 |
| Debt impairment | - | 2 842 | - | - | - | - | - | - | - | - | - | - | - | | | 2 842 |
| Depreciation & asset impairment | - | 2 000 | - | - | - | - | - | - | - | - | - | - | - | | | 2 000 |
| Finance charges | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Bulk purchases | - | - | - | - | - | - | - | - | - | - | - | - | 10 084 | | | 10 084 |
| Other materials | 62 | 300 | 1 545 | 20 | 269 | 750 | - | - | 2 523 | 3 120 | 4 276 | - | 1 100 | | | 13 966 |
| Contracted services | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Transfers and grants | - | 3 689 | - | 1 602 | - | - | - | - | - | - | - | 1 100 | 450 | | | 6 841 |
| Other expenditure | 9 988 | 1 662 | 4 179 | 3 116 | 2 | 1 248 | - | - | 8 494 | 331 | 1 830 | 1 300 | 646 | | | 32 796 |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Total Expenditure | 23 434 | 18 860 | 11 824 | 9 449 | 584 | 5 767 | - | - | 19 954 | 5 907 | 9 341 | 2 400 | 13 173 | - | - | 120 692 |
| Surplus/(Deficit) | (16 956) | 74 787 | (11 824) | (7 782) | (572) | (5 423) | - | - | (19 654) | (5 907) | (9 341) | 7 987 | 2 708 | - | - | 8 024 |
| Transfers recognised - capital | - | - | - | - | - | - | - | - | - | - | 31 857 | - | - | | | 31 857 |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - | - | (31 857) | - | - | | | (31 857) |
| Contributed assets | - | - | - | - | - | - | - | - | - | - | - | - | - | | | - |
| Surplus/(Deficit) after capital transfers & contributions | (16 956) | 74 787 | (11 824) | (7 782) | (572) | (5 423) | - | - | (19 654) | (5 907) | (9 341) | 7 987 | 2 708 | - | - | 8 024 |

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

| Description | 2009/10 | 2010/11 | 2011/12 | Current Year 2012/13 | | | 2013/14 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2013/14 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand | | | | | | | | | |
| ASSETS | | | | | | | | | |
| <u>Call investment deposits</u> | | | | | | | | | |
| Call deposits < 90 days | 28 600 | 34 972 | 60 242 | 35 000 | 35 000 | 35 000 | 46 000 | 60 000 | 70 000 |
| Other current investments > 90 days | | | | | | | | | |
| Total Call investment deposits | 28 600 | 34 972 | 60 242 | 35 000 | 35 000 | 35 000 | 46 000 | 60 000 | 70 000 |
| <u>Consumer debtors</u> | | | | | | | | | |
| Consumer debtors | 65 545 | 62 323 | 52 194 | 55 000 | 55 000 | 55 000 | 65 000 | 67 000 | 69 000 |
| Less: Provision for debt impairment | (58 649) | (58 400) | (41 838) | (46 000) | (46 000) | (46 000) | (36 000) | (36 000) | (32 000) |
| Total Consumer debtors | 6 896 | 3 923 | 10 356 | 9 000 | 9 000 | 9 000 | 29 000 | 31 000 | 37 000 |
| <u>Debt impairment provision</u> | | | | | | | | | |
| Balance at the beginning of the year | 26 854 | 58 649 | 58 400 | 58 649 | 58 649 | 58 649 | 41 838 | 36 000 | 36 000 |
| Contributions to the provision | 31 796 | 9 689 | (10 437) | | | | 2 842 | 2 981 | 3 136 |
| Bad debts written off | | (9 937) | (6 125) | (12 649) | (12 649) | (12 649) | (8 680) | (2 981) | |
| Balance at end of year | 58 649 | 58 400 | 41 838 | 46 000 | 46 000 | 46 000 | 36 000 | 36 000 | 39 137 |
| <u>Property, plant and equipment (PPE)</u> | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | 194 859 | 233 900 | 256 563 | 280 000 | 280 000 | 280 000 | 339 265 | 347 552 | 366 791 |
| Leases recognised as PPE | | | | | | | | | |
| Less: Accumulated depreciation | 9 015 | 26 071 | 32 956 | 37 000 | 37 000 | 37 000 | 44 000 | 44 000 | 45 000 |
| Total Property, plant and equipment (PPE) | 185 844 | 207 829 | 223 607 | 243 000 | 243 000 | 243 000 | 295 265 | 303 552 | 321 791 |
| LIABILITIES | | | | | | | | | |
| <u>Current liabilities - Borrowing</u> | | | | | | | | | |
| Short term loans (other than bank overdraft) | | | | | | | | | |
| Current portion of long-term liabilities | 196 | 100 | | | | | | | |
| Total Current liabilities - Borrowing | 196 | 100 | - | - | - | - | - | - | - |
| <u>Trade and other payables</u> | | | | | | | | | |
| Trade and other creditors | 3 328 | 7 453 | 3 006 | 6 000 | 6 000 | 6 000 | 7 500 | 7 500 | 6 000 |
| Unspent conditional transfers | 16 349 | 292 | 10 437 | 2 000 | 2 000 | 2 000 | 3 000 | 3 000 | 6 000 |
| VAT | 305 | | | | | | | | |
| Total Trade and other payables | 19 982 | 7 746 | 13 443 | 8 000 | 8 000 | 8 000 | 10 500 | 10 500 | 12 000 |
| <u>Non current liabilities - Borrowing</u> | | | | | | | | | |
| Borrowing | 134 | 34 | | | | | | | |
| Finance leases (including PPP asset element) | | | | | | | | | |
| Total Non current liabilities - Borrowing | 134 | 34 | - | - | - | - | - | - | - |
| <u>Provisions - non-current</u> | | | | | | | | | |
| Retirement benefits | 5 139 | 6 085 | 10 220 | 8 000 | 8 000 | 8 000 | 10 000 | 10 000 | 12 000 |
| List other major provision items | | | | | | | | | |
| Refuse landfill site rehabilitation | | | | | | | | | |
| Other | | | | | | | | | |
| Total Provisions - non-current | 5 139 | 6 085 | 10 220 | 8 000 | 8 000 | 8 000 | 10 000 | 10 000 | 12 000 |
| CHANGES IN NET ASSETS | | | | | | | | | |
| <u>Accumulated Surplus/(Deficit)</u> | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | 67 983 | 196 772 | 245 243 | 231 825 | 231 825 | 231 825 | 317 764 | 375 092 | 435 003 |
| GRAP adjustments | | | | | | | | | |
| Restated balance | 67 983 | 196 772 | 245 243 | 231 825 | 231 825 | 231 825 | 317 764 | 375 092 | 435 003 |
| Surplus/(Deficit) | 2 567 | 51 889 | 68 638 | 54 988 | 68 510 | 68 510 | 57 022 | 59 592 | 65 924 |
| Appropriations to Reserves | 13 497 | | | | | | | | |
| Transfers from Reserves | | | | | | | | | |
| Depreciation offsets | | | | | | | | | |
| Other adjustments | 441 | | 2 256 | | | | 306 | 320 | 335 |
| Accumulated Surplus/(Deficit) | 84 488 | 248 661 | 316 137 | 286 813 | 300 335 | 300 335 | 375 092 | 435 003 | 501 262 |
| <u>Reserves</u> | | | | | | | | | |
| Housing Development Fund | 1 504 | 1 573 | 1 627 | 1 650 | 1 650 | 1 650 | 1 780 | 1 800 | 1 850 |
| Capital replacement | | | | | | | | | |
| Self-insurance | | | | | | | | | |
| Other reserves | | | | | | | | | |
| Revaluation | | | | | | | | | |
| Total Reserves | 1 504 | 1 573 | 1 627 | 1 650 | 1 650 | 1 650 | 1 780 | 1 800 | 1 850 |
| TOTAL COMMUNITY WEALTH/EQUITY | 85 992 | 250 234 | 317 764 | 288 463 | 301 985 | 301 985 | 376 872 | 436 803 | 503 112 |

Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Table 57 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms

| External mechanism Name of organisation | Yrs/ Mths | Period of agreement 1. | Service provided | Expiry date of service delivery agreement or contract | Monetary value of agreement 2. |
|--|--------------|---------------------------|------------------|--|--------------------------------------|
| | | Number | | | R thousand |
| SizweNsalubaGobodo | Yrs | 3 | Internal Audit | 30 June 2013 | 475 |
| Mandeni Waste Services | Yrs | 5 | Refuse removal | 30 November 2013 | 8,400 |
| Enforce Security | Yrs | 3 | Security | 31 December 2013 | 1,397 |
| Indwe Insurers | Yrs | 3 | Insurance | 30 June 2013 | 540 |
| Eqstra Fleet | Yrs | 3 | Fleet | 31 March 2015 | 1,483 |

10.14 Municipal manager's quality certificate

I LH Mapholoba, municipal manager of Mandeni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mr LH Mapholoba

Municipal manager of Mandeni Municipality (KZN 291)

Signature_____

Date 31 May 2013